Recommendations of the Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations – Amendments to SEBI (LODR) Regulations, 2015 and SEBI (ICDR) Regulations, 2018.

1. Objective

1.1. This memorandum seeks approval of the Board for implementing the recommendations of the Expert Committee for facilitating ease of doing business for listed entities and to be listed entities by way of amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**" or "**LODR**") and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR Regulations**" or "**ICDR**"), respectively and issuance of circulars thereunder.

2. Background

2.1. An 'Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations' ("**Expert Committee**" or "**Committee**") was set up to inter-alia review the LODR and ICDR Regulations.

2.2. The Committee deliberated on the suggestions received from public and other stakeholders pursuant to SEBI's press release dated October 4, 2023. The Committee had submitted its interim recommendations for facilitating ease of doing business under the LODR and ICDR Regulations to SEBI. The interim recommendations were approved by the Board in its meeting held on March 15, 2024 after taking into account public feedback.

2.3. The Expert Committee submitted its final report containing recommendations relating to ease of doing business under the LODR and ICDR Regulations as well as harmonization of the provisions of the ICDR and LODR Regulations. While the main focus of the Committee was on facilitating ease of doing business, based on the suggestions received from stakeholders and further deliberations, the Committee had also given some recommendations to strengthen corporate governance and disclosure requirements and to bring in clarity with respect to some of the existing provisions. Few recommendations also pertain to the provisions of Companies Act, 2013.

2.4. Subsequently, SEBI issued a consultation paper on June 26, 2024 ("**Consultation Paper**") seeking views / comments from the public on the recommendations of the Expert Committee which is annexed as **Annexure I** to this Board Memorandum.

2.5. In response to the aforesaid Consultation Paper, 1028 responses were received from 35 entities. The proposal-wise compilation of public comments is placed at **Annexure II.** A brief summary of the responses received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
1028	362	442	154	50	20

2.6. The public comments were again discussed in the Expert Committee. After deliberations, the Committee noted that the public comments were in favour of most of its recommendations and therefore requested SEBI to take these recommendations forward with some modifications as discussed under paragraph 3.2.4(a)(ii), 3.2.4(b)(ii), 3.2.7(e) below.

2.7. The recommendations of the Expert Committee with respect to LODR Regulations, ICDR Regulations, harmonization of the provisions of ICDR and LODR Regulations and provisions of the Companies Act, 2013 are discussed below in separate paragraphs.

3. Recommendations of the Expert Committee with respect to LODR Regulations

3.1. A detailed analysis of the public comments received on the recommendations of the Expert Committee relating to LODR Regulations is placed at **Annexure III**. The commenters are broadly in agreement with the recommendations of the Expert Committee. Some of the comments received have been accepted by the Expert Committee and accordingly the final recommendations have been partially modified.

3.2. The proposals with respect to LODR Regulations are given below (including modification after considering public comments at paragraphs 3.2.4(a)(ii), 3.2.4(b)(ii), 3.2.7(e) below):

3.2.1. **Filings and Disclosures (refer para 1 to 5 of Annexure III)**:

a) Enabling a single filing system through API-based integration between stock exchanges.

b) Integration of periodic filings done by listed entities by merging periodic filings under LODR into two broad categories and harmonizing the timelines for submission viz. (i) Integrated Filing (Governance) to be filed within 30 days from the end of each quarter and (ii) Integrated Filing (Financial) to be filed within 45 days (60 days for the last quarter) from the end of each quarter.

Integrated Filing (Governance) shall combine the existing format for compliance report on corporate governance and statement on redressal of investor grievance. Further, Integrated Filing (Financial) shall combine the existing formats for financial results, statement on deviation or variation in utilization of issue proceeds, related party transactions (RPTs) and disclosure of default on outstanding loans and debt securities. The revised formats shall be specified by way of a circular.

c) Doing away with the following filings under LODR Regulations:

(i) Regulation 7(3) – submission of annual compliance certificate on having a registered share transfer agent as it is already captured in quarterly share capital reconciliation audit report.

(ii) Regulation 39(3) – on event-based disclosure of loss of physical share certificates as transfer of shares in physical form is no longer permitted.

(iii) Regulation 40(9) and (10) – annual certification on adhering to the timeline for processing requests relating to physical shares as investor services related requests (e.g. sub-division, consolidation, renewal, issuance of duplicate shares etc.) are processed and subsequently new shares are issued only in demat form.

d) System driven disclosure of

(i) credit ratings - both new and revision in ratings, by Stock Exchanges based on the data received from Credit Rating Agencies.

(ii) shareholding pattern – to be automated at the end of Stock

Exchanges based on the data available with depositories and subsequently to become a monthly disclosure.

The process and the procedure to be followed by listed entities for system driven disclosure shall be specified by Stock Exchanges in consultation with SEBI.

e) Permitting disclosure of information on the website of a listed entity through curated links to Stock Exchanges.

f) Making it optional to publish detailed advertisement on financial results in the newspaper. Instead, a small box advertisement along with QR code and weblink to the page where full financial results of the listed entity are available shall be published for the benefit of investors.

3.2.2. **Board of Directors and its Committees (refer para 6 & 7 of Annexure III)**:

a) At present, listed entities have to ensure continuous compliance with the composition of Board Committees prescribed in the regulations as there is no specific timeline for filling up vacancies. Therefore, it is proposed that any vacancy in Board Committees (i.e., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee), arising out of vacancies in the Board of Directors shall be filled up within a period of 3 months from the date of such vacancy.

b) Time taken for regulatory, statutory or government approvals to be excluded from the timeline of 3 months prescribed in regulation 17(1C) of the LODR for obtaining shareholder approval for a director appointed on the board of a listed entity. Nominee directors of financial sector regulators or those appointed by Court or Tribunal to be exempt from the requirement of shareholder approval prescribed in regulation 17(1C) of the LODR.

3.2.3. **Promoters and Controlling shareholders (refer para 8 & 9 of Annexure III)**:

a) The process specified in the LODR regulations for reclassification of promoter or promoter group entity as public shareholder shall be

streamlined as follows in order to reduce the overall time taken for effecting reclassification:

(i) The board of directors of the listed entity shall consider the request for reclassification in the immediate next board meeting or within two months, whichever is earlier. Further, the outcome of the board meeting (instead of minutes) to be disclosed under regulation 31A(8)(b) of LODR, including the views of the board on the reclassification request.

(ii) The listed entity shall make an application to the recognized stock exchanges for their no-objection within 5 days of obtaining the board's views on the reclassification request.

(iii) The recognized stock exchanges shall provide their no-objection letter within 30 days from submission of the reclassification request (time taken by the listed entity to respond to queries, if any raised by stock exchanges, to be excluded for the purpose of calculating the 30 days' time-period). If there are changes in the facts and circumstances after receipt of NOC (e.g. increase in voting rights), the listed entity would be required to seek Stock Exchange approval before effecting reclassification.

(iv) After receipt of NOC from Stock Exchanges, the listed entity to seek shareholder approval for reclassification within 60 days.

(v) Upon receipt of shareholder approval, the listed entity to notify the stock exchanges within 5 days and effect reclassification of the promoter or promoter group entity.

(vi) Penalty to be imposed on a listed entity that does not place a fully compliant reclassification request before its board of directors within 60 days of its receipt.

SEBI Master Circular dated July 11, 2023 to be suitably modified to include imposition of fines for non-compliance with the aforementioned requirements.

b) At present, there is no specific obligation in the LODR Regulations on promoter, promoter group, directors and key managerial personnel to disclose relevant information (e.g. details of promoter group, related parties etc.) to the listed entity other than for the purpose of verification

of market rumours. Therefore, it is proposed to introduce an obligation on promoter, promoter group, directors and key managerial personnel or any other person dealing with the listed entity to disclose all relevant and necessary information to the listed entity for ensuring compliance with LODR and other applicable laws.

3.2.4. **Related Party Transactions (refer para 10 to 14 of Annexure III)**:

a) In line with the current exemptions under Regulation 2(1)(zc) of LODR given to transactions which are uniformly applicable / offered to all shareholders / public, the following are proposed to be exempted from the definition of RPTs:

(i) Corporate actions by subsidiaries of a listed entity and corporate actions received by the listed entity or its subsidiaries which are uniformly applicable / offered to all shareholders in proportion to their shareholding.

(ii) Acceptance of current account deposits or saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India (RBI) from time to time. Further, based on the public comments received, the Committee has recommended to clarify in the regulations that deposits accepted in compliance with the directions issued by the central bank in the corresponding jurisdiction and payment of interest upon deposits shall also be exempted.

(iii) Retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable / offered to all employees and directors.

b) The requirement for prior approval of RPTs by the audit committee of the listed entity under Regulation 23(2) of LODR may be exempted in circumstances given below:

(i) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, Key Managerial Personnel (KMP) or senior management, except who is part of the promoter or promoter group, may be exempted from the requirement of approval by the

audit committee and disclosure under regulation 23(9) of LODR, provided that it is not material as per Regulation 23(1) of LODR (i.e. more than Rs. 1000 crore or 10% of annual consolidated turnover of the listed entity, whichever is lower).

(ii) The independent directors who are members of the audit committee of a listed entity may provide post-facto ratification to RPTs within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

a. the value of ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year does not exceed Rs. 1 crore and the transaction is not material as per Regulation 23(1) of LODR.
b. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
c. the details of ratification shall be disclosed along with the half-yearly disclosures of RPTs under Regulation 23(9) of LODR.
d. any other condition as specified by the audit committee.

Further, failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee (rather than the Board of Directors as recommended earlier by the Expert Committee) and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it. Based on the public comments received, the Committee has recommended that the transaction shall be voidable at the option of Audit Committee itself in order to ensure alignment with Section 177(4) of the Companies Act, 2013.

c) The provision of omnibus approval under Regulation 23(3) of LODR shall be made applicable to RPTs by subsidiaries as well.

d) Regulation 23(5) of LODR inter-alia exempts transactions between two government companies from approval requirements for RPTs. On similar lines, the exemptions may be extended to the following

transactions:

(i) Payment of statutory dues / fees / charges to the Central Government and/or any State Government.

(ii) Transactions entered into between two public sector companies.

(iii) Transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

3.2.5. **Disclosure of material events or information under regulation 30 (refer para 15 to 19 of Annexure III)**:

a) Timeline for disclosure of material events or information may be relaxed as given below:

(i) Timeline for disclosure of events which are decided in the meeting of the board may be as follows based on the time of closure of the board meeting:

a. In case the board meeting closes after the normal trading hours (time period for which the recognized stock exchanges are open for trading for all investors) but more than 3 hours before the beginning of the next normal trading hours, the disclosure shall be made within 3 hours from the closure of the board meeting.

b. In case the board meeting closes during the normal trading hours or within 3 hours before the beginning of the normal trading hours, the disclosure shall be made within 30 minutes from the closure of the board meeting.

(ii) Timeline for disclosure may be increased from the existing 24 hours to 72 hours, from the receipt of notice by the listed entity, in respect of litigations or disputes, other than tax litigations or disputes, under Para B(8) of Part A of Schedule III of LODR, wherein claims are made against the listed entity.

(iii) Tax litigations or disputes shall be disclosed under para B of part A of schedule III based on materiality criteria as per regulation 30(4) of LODR. The timeline for disclosure shall be as follows:

a. Disclosure of new tax litigations or disputes within 24 hours

from the receipt of notice by the listed entity.

b. Quarterly updates on existing tax litigations or disputes as part of the Integrated Filing (Governance).

c. Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.

Timelines for disclosure of material events or information as provided in Annexure II of SEBI Circular dated July 13, 2023 shall also be suitably modified in line with the changes proposed above.

b) The requirement for disclosure of acquisition under Para A(1) of Part A of Schedule III of LODR may be modified as given below:

(i) Disclosure of acquisition may be required if the listed entity, whether directly or indirectly, holds shares or voting rights aggregating to 20% (increased from 5% at present) or there has been any subsequent change in holding exceeding 5% (increased from 2% at present). However, acquisition of shares or voting rights in an unlisted company, aggregating to 5% or any subsequent change in holding exceeding 2%, may be disclosed on a quarterly basis as part of the Integrated Filing (Governance).

(ii) In case of 'to be incorporated' companies, the relevant details to be provided at the time of acquisition of such companies may be separately specified in Annexure I to SEBI Circular dated July 13, 2023 for clarity.

c) Monetary limit may be applied for disclosure of imposition of fine or penalty under Para A(20) of Part A of Schedule III of LODR in the following manner:

(i) A lower threshold of Rs. 10,000 may be applicable for disclosure of fine or penalty levied by sectoral regulators or enforcement agencies within 24 hours. The list of sectoral regulators and enforcement agencies shall be specified in the Industry Standards.

(ii) A higher threshold of Rs. 10 lacs may be applicable for disclosure of fine or penalty levied by other authorities within 24 hours.

(iii) Fine or penalty levied which are lower than the monetary thresholds specified above may be disclosed on a quarterly basis, as part of

the Integrated Filing (Governance), along with the details mentioned in Para A(20) of Part A of Schedule III of LODR.

d) Amendments to Schedule III of the LODR to bring in more clarity with respect to the following material events:
   (i) Specifying the modes of fund raising which require disclosure of outcome of the board meeting under Para A(4) of Part A of Schedule III of LODR.
   (ii) Fraud by senior management, other than promoter, director and key managerial personnel, should be disclosed under Para A(6) of Part A of Schedule III of LODR only if it is in relation to the listed entity.
   (iii) Frequently Asked Questions (FAQ) issued by SEBI on 'Disclosure of Information Related to Forensic Audit of Listed Entities', inter-alia, specify the nature of forensic audit which requires disclosure under Para A(17) of Part A of Schedule III of LODR. The same may be specified in the LODR Regulations for ample clarity.

3.2.6. **Other compliance requirements and obligations (refer para 20 to 26 of Annexure III)**:

a) In order to provide additional time for companies coming out of corporate insolvency resolution process (CIRP) to comply with LODR, the following relaxations are provided:
   (i) 3 months' time for filling up the vacancy of KMPs subject to the listed entity having at least one full-time KMP to run the day-day affairs of the company.
   (ii) 3 months' time to have board and committee composition as specified in the LODR Regulations.
   (iii) Additional time of 45 days (or 60 days for annual results) to be provided for disclosure of financial results for the quarter in which the resolution plan is approved.

b) The requirement of approval of shareholders under regulation 24(6) of the LODR for sale, disposal or lease of assets of material subsidiary shall not be applicable if such a transaction is between two wholly-owned subsidiaries of the listed entity.

c) The following changes are proposed to regulation 42 on Record Date:
   (i) Time gap between intimation and actual record date to be reduced to minimum 3 working days (from 7 working days) except for corporate action through a scheme of arrangement.
   (ii) Minimum gap between two record dates to be reduced to 5 working days (from 30 days).
   (iii) Minimum gap between two book closures to be omitted as transfer of physical shares, which require closure of books, is no longer permitted.
d) Doing away with the requirement of obtaining no-objection from stock exchanges for schemes involving writing off accumulated losses against share capital of the company provided it is applied uniformly to all categories of shareholders or against the reserves of the company. The draft scheme to be filed with stock exchanges only for disclosure purposes.
e) The following changes are proposed with respect to analysts or institutional investors meet:
   (i) Disclosure of names of analysts or institutional investors in the schedule of analyst or institutional investor meet shall be optional for listed entities.
   (ii) Presentations prepared by a listed entity for analyst or institutional investors meet or post-earnings / quarterly calls to be disclosed to Stock Exchanges before the beginning of such events.
   (iii) Video recordings of post-earnings / quarterly calls may be uploaded within 48 hours from conclusion of the call.
   (iv) Audio / video recordings to be available on website for 2 years instead of 5 years and to be preserved by company for 8 years. Transcripts to be available on website for 5 years and to be preserved by the company for 8 years.
f) Doing away with the requirement of sending physical copies of abridged Annual Report to those shareholders whose email id is not available. Instead a letter to be sent to such shareholders indicating the link from which the annual report can be downloaded.
g) The timeline for dispatch of Annual Report to the shareholders of the

listed entity to be omitted from regulation 36(2) of LODR as the timelines for dispatch of documents to shareholders before an AGM is already specified in the Companies Act, 2013. Further, it is to be clarified that Annual Report needs to be disclosed to the Stock Exchanges on or before commencement of its dispatch to the shareholders.

h) The requirement to send proxy forms to shareholders for general meetings held virtually to be dispensed with.

3.2.7. **Strengthening corporate governance at listed entities (refer para 27 to 31 of Annexure III)**:

a) Encouraging top 2000 companies to have one women independent director (ID) and constitute a risk management committee (applicable currently only to top 1000 listed entities). Encouraging top 2000 companies to have more than the mandatory annual meeting of IDs without the presence of non-IDs and the management.

b) Compliance Officer to be designated as a KMP and to be a whole-time employee not more than one level below the board of directors. This shall help in strengthening the position of compliance officers commensurate with the responsibilities cast upon them.

c) In order to strengthen the secretarial audit at listed entities and to prevent conflict of interests, the following changes are proposed:

(i) Provisions relating to appointment, reappointment of secretarial auditors to be inserted in LODR Regulations which are similar to the provisions for appointment, re-appointment of statutory auditors prescribed under section 139 (1) and (2) of Companies Act, 2013. An individual may be appointed for a term of 5 years and a firm may be appointed for a maximum of 2 terms of 5 years each subject to approval of shareholders in a general meeting.

(ii) Provisions relating to eligibility (shall be a peer reviewed company secretary) and disqualifications (where there is conflict of interest) to be prescribed.

(iii) A cooling-off period of 5 years for re-appointment of an individual as a secretarial auditor (after one term of 5 years) and for re-

appointment of a secretarial audit firm (after two consecutive terms of 5 years) to be prescribed.

(iv) Provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity to be inserted in the LODR Regulations.

(v) From April 1, 2025, appointment, re-appointment or continuation of secretarial auditor of a listed entity shall be in compliance with the aforesaid provisions. Further, with effect from April 1, 2025, the Secretarial Compliance Report submitted by a listed entity to be signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the aforesaid requirements.

d) Any pre-listing compensation or profit-sharing agreement involving promoters, directors, KMPs etc. that subsists after listing would require ratification of shareholders in the first general meeting held after listing.

e) The following additional documents / information to be disclosed on the website of a listed entity in the interest of the investors: Article of Association, Memorandum of Association, Brief profile of board of directors and Employee benefits related scheme documents. Based on the public comments received, it is proposed that listed entities may be permitted to redact confidential information in employee benefit scheme documents which, if disclosed, may impact competitive position or reveal commercial secrets of the listed entity. However, such redaction shall be approved by the Board of directors of the listed entity. The broad principles in this regard shall be specified by way of a circular.

3.2.8. **Drafting changes to the LODR Regulations and related circulars (refer para 32 of Annexure III)**:

a) The Committee had recommended some drafting changes to the LODR Regulations. The changes are captured as part of **Annexure VII** to this Board Memorandum.

b) The Committee had also proposed certain changes to the existing circulars. The same shall be carried out after notification of amendments to the regulations.

4. Recommendations of the Expert Committee with respect to ICDR Regulations

4.1. A detailed analysis of the public comments received on the recommendations of the Expert Committee relating to ICDR Regulations is placed at **Annexure IV**. The commenters are broadly in agreement with the recommendations of the Expert Committee.

4.2. The proposals with respect to ICDR Regulations are given below:

4.2.1. **Price Band Advertisement and other issue related advertisements (refer para 1 of Annexure IV)**:

a) Combining 'pre-issue advertisement' and 'price band advertisement' as single advertisement: ICDR Regulations to be amended to do away with requirement to have separate 'pre-issue advertisement' and 'price band advertisement' and prescribe for having a combined single advertisement to reduce duplication of disclosures.

b) To reduce advertisement size without impacting content, certain information in combined 'pre-issue and price band advertisement' to be disclosed using a QR code link and cross reference to RHP.

c) Disclosure of pre-issue shareholding and post-issue shareholding for promoter, promoter group and additional top 10 shareholders in combined 'pre-issue and price band advertisement'.

4.2.2. **Voluntarily disclosure of proforma financials in public issue, rights issue and for QIPs (refer para 2 of Annexure IV)**:

a) Permitting issuers to voluntarily disclose proforma financials for acquisition or divestment undertaken before the completion of the latest period(s) for which financial statements are disclosed.

b) Permitting issuers to voluntarily disclose financial statements of the subsidiaries/businesses acquired or divested.

c) Permitting issuers to voluntarily disclose proforma financials (on a consolidated basis) to disclose the impact of acquisition proposed to be done from proceeds of the issue.

The voluntarily inclusion of proforma financial statements would help the investor better understand the impact of the acquisition or

divestment on the financial statements of the issuer company.

4.2.3. **Requirement to make public announcement after filing of draft offer document (refer para 3 of Annexure IV)**:

a) Requirement to issue advertisement disclosing the fact of filing of draft offer document with the Board within “two days” to be replaced with “two working days” to help issuers comply with ICDR requirements in instance of public holidays.

b) Further, 21 day period for public comments to be considered from date of publication of the advertisement instead of date of filing of draft offer document, thereby providing additional time for public to comment.

4.2.4. **Certification requirements where one of the objects of the issue is loan repayment (refer para 4 of Annexure IV)**:

a) To provide flexibility to issuers, certificate for utilization of the loan can be obtained from a peer reviewed chartered accountant instead of statutory auditor, in following cases:

(i) for period not audited by the current statutory auditor; or

(ii) loan was for subsidiary and current statutory auditor of the issuer is not the statutory auditor of subsidiary.

4.2.5. **Eligibility conditions for an IPO - Enabling issuers with outstanding Stock appreciation rights (SARs) to file draft offer document (DRHP) (refer para 5 of Annexure IV)**:

a) Flexibility to be provided under eligibility conditions for an IPO by allowing issuers with outstanding Stock appreciation rights (SARs) to file DRHP where such SARs are granted to employees only and are fully exercised for equity shares prior to the filing of the RHP.

b) Relaxation from lock-in requirement as presently applicable for equity shares allotted to employees under employee stock option or employee stock purchase scheme may also be made available for equity shares allotted to employees under SARs plan granted to employees only.

4.2.6. **Clarification regarding additional conditions for an OFS prescribed under Regulation 8A of ICDR, for issues under sub-regulation (2) of Regulation 6 of ICDR (refer para 6 of Annexure IV)**:

a) Issuer to ensure that the total shares that are eligible to be sold by a shareholder, whether as part of the offer for sale under IPO or through other secondary transfers prior to the IPO after filing of DRHP, does not exceed the thresholds set out under sub-clause (a) and (b) of Regulation 8A of ICDR (In terms of Regulation 8A, sale of shares by a shareholder shall not exceed 50% of their pre-issue shareholding or 10% of pre-issue shareholding of issuer, whichever is higher).

4.2.7. **Deletion of provision related to reservation for employees in rights issues (refer para 7 of Annexure IV)**:

a) ICDR provision related to employee reservation shall be deleted in rights issue chapter and accordingly Regulation 74(3) of ICDR may be deleted.

4.2.8. **Disclaimer for illustration on disclosure of weighted averages of certain ratios in the basis for offer price section (refer para 8 of Annexure IV)**:

a) Under illustrative format on disclosure of certain ratios and weighted averages in the basis for offer price section given at Schedule VI of ICDR, following clarification shall be provided:

"The table above is for illustrative purposes only. Appropriate due diligence shall be exercised by the lead managers in assigning weights."

4.2.9. **Disclosure of pre-IPO transactions after filing of DRHP and details pertaining to such transactions to stock exchange(s) (refer para 9 of Annexure IV)**:

a) To enhance transparency and information available for investors, the issuer shall ensure that any proposed pre-IPO placement disclosed in the draft offer document shall be reported to the stock exchange(s), within twenty-four hours of such pre-IPO transactions.

4.2.10. **Clarification on Promoter Lock-in period where issue proceeds are used for Repayment of Loans and such loan have been utilized for Capital Expenditure (refer para 10 of Annexure IV)**:

a) Explanation to be provided that if loans are being repaid from the proceeds of the issue, and such loans have been utilized for capital expenditure, then the longer promoter lock-in period shall be applicable as in case of capital expenditure object as required in terms of Regulation 16(1) and Regulation 115 of ICDR in case of an IPO and FPO respectively.

4.2.11. **Disclosure of information on standalone basis where issue proceeds is used to fund working capital (refer para 11 of Annexure IV)**:

a) Presently, in terms of Schedule VI of ICDR, certain additional disclosures are prescribed if issue proceeds are used for working capital requirements. This information is to be provided on a "standalone basis". Regulations to be amended to clarify that such disclosures relating to working capital on "standalone basis" shall be provided based on the standalone audited financial statements of the issuer and there shall be no additional requirement to restate the standalone financial statements as issuer is anyways required to restate consolidated financial statements.

5. Recommendations of the Expert Committee with respect to harmonization of the provisions of ICDR and LODR Regulations

5.1. A detailed analysis of the public comments received on the recommendations of the Expert Committee relating to harmonization of the provisions of ICDR and LODR Regulations is placed at **Annexure V**. The commenters are broadly in agreement with the recommendations of the Expert Committee.

5.2. The proposals with respect to harmonization of the provisions of ICDR and LODR Regulations are given below:

5.2.1. **Disclosures related to Material Litigation: Aligning disclosures related to Material Litigation in ICDR with LODR (refer para 1 of Annexure V)**:

a) In order to align disclosures regarding material litigation of listed and to be listed company, the entity is required to ensure clarity and parity in disclosure of litigation prior to and after listing.

b) Similarly, in order to align the disclosure requirements by listed and to-be-listed company, the entity is required to include details of actions against key managerial personnel and members of senior management of the company, for the purposes of disclosures in the draft offer document or the offer document.

5.2.2. **Aligning definition for identification of Material Subsidiary thresholds (refer para 2 of Annexure V)**:

a) Aligning terminology for identification of a material subsidiary under the ICDR and LODR by referring to consolidated “turnover” instead of “income”.

5.2.3. **Disclosure of material agreements in offer documents (refer para 3 of Annexure V)**:

a) Aligning requirement on disclosure of material agreements that are entered into by shareholders, promoters, directors etc. to ensure parity in disclosures of material agreements by listed and to-be-listed companies by mandating such disclosures under ICDR.

5.2.4. **Alignment of qualifications for the compliance officer under ICDR with the provisions of the LODR (refer para 4 of Annexure V)**:

a) Aligning ICDR with LODR, by mandating that the compliance officer appointed by the issuer shall be a Company Secretary by qualification.

5.2.5. **Aligning definitions under ICDR and LODR (refer para 5 of Annexure V)**:

a) Align the definition of the term “associate” and “securities laws” in both the regulations;

b) Include definition of term “financial year” in ICDR from LODR

c) Include definition of superior voting rights share i.e. “SR equity shares” in LODR from ICDR.

6. Recommendations of the Expert Committee with respect to the Companies Act, 2013

6.1. The Expert Committee had also made the following recommendations with respect to the provisions of Companies Act, 2013 (**refer para 1 to 4 of Annexure VI)**:

6.1.1. Annual Reports: Doing away with the requirement of sending a statement containing salient features of financial statements and other documents (abridged annual report) to shareholders of listed entities (specifically to those shareholders whose email address is not available with the listed entity). Instead it is suggested that a letter may be sent to such shareholders indicating the link from which the annual report can be downloaded.

6.1.2. Postal Ballots: To exempt listed entities from sending postal ballots to its shareholders. Postal ballots may be substituted with remote e-voting and the period for which e-voting needs to be kept open may also be suitably reduced (from the existing timeline of 30 days to 7 days).

6.1.3. Dividend warrants: To do away with the requirement of dispatching dividend warrants for smaller amounts (less than Rs. 10) in cases of non-availability of bank account details or failure of delivery of dividend credit through electronic means. In such scenarios, the dividend to be kept in the unpaid account and shall be sent to the shareholders when the cumulative amount exceeds Rs.10 or before transfer to Investor Education and Protection Fund (IEPF), as applicable.

6.1.4. Virtual and Hybrid general meetings: To permit virtual general meetings and hybrid general meetings on a continuous basis. Further, notice period for electronic / virtual meetings to be suitably reduced (from the existing requirement of 21 days).

6.2. The aforesaid recommendations were part of the Consultation Paper and few comments have been received from the public on the said recommendations. It is proposed to send the recommendations of the Expert Committee on provisions relating to the Companies Act, 2013 along with public comments received (placed as **Annexure VI**) to the Ministry of Corporate Affairs for consideration.

7. Proposed amendments to the LODR Regulations and ICDR Regulations

7.1. The proposals mentioned at paragraphs 3.2, 4.2 and 5.2 above require amendments to the LODR Regulations and ICDR Regulations. The proposed amendments to LODR Regulations are placed at **Annexure VII**. The proposed amendments to ICDR Regulations are placed at **Annexure VIII**.

8. Proposal to the Board

8.1. The Board is requested to consider and approve the proposals mentioned above at paragraphs 3.2, 4.2 and 5.2 above and the proposed amendments to the LODR and ICDR Regulations mentioned at paragraph 7 above.

8.2. The Board is also requested to authorize the Chairperson to take consequential and incidental steps to give effect to the decisions of the Board.

Encl.:

1. Annexure I – Consultation Paper (*Available on SEBI website*)
2. Annexure II – Public Comments (*Excised for reasons of confidentiality*)
3. Annexure III – Analysis of Public Comments on recommendations with respect to LODR Regulations.
4. Annexure IV – Analysis of Public Comments on recommendations with respect to ICDR Regulations.
5. Annexure V – Analysis of Public Comments on recommendations with respect to harmonization of the provisions of ICDR and LODR Regulations.
6. Annexure VI – Recommendations of the Expert Committee and public comments that pertain to Companies Act, 2013 (*Excised for reasons of confidentiality*).

7. Annexure VII – Draft amendments to the LODR Regulations (*This shall be notified at a later date*)
8. Annexure VIII – Draft amendments to the ICDR Regulations (*This shall be notified at a later date*)

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Annexure III

Analysis of public comments received on the recommendations relating to the LODR Regulations

1. Single Filing System

1.1. **Recommendations of the Expert Committee:** The Committee recommended to put in place an API-based integration of filing systems that is being jointly developed by Stock Exchanges.

1.2. **Rationale:** A single filing system will allow companies to file necessary disclosures at any one of the Stock Exchanges. The documents filed by a listed entity with one stock exchange will be automatically fetched and disseminated at other Stock Exchange(s). This will facilitate ease of filing for entities listed across multiple Stock Exchanges and eliminate the requirement of filing the same document across multiple exchanges.

1.3. **Public comments and analysis:**

1.3.1. The aforesaid recommendation was placed as proposal 1 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

1.3.2. **Proposal 1**: The filing done on one stock exchange need to be automatically disseminated to other stock exchanges using an API-based integration that is being jointly developed by stock exchanges.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
17	10	4	3	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) Clarity is required on how single integrated filing would work. Filing on the designated stock exchange selected by the Company would suffice or there will be separate integration for this filing system. Will there be any extra cost charged by the Stock exchanges?

(iii) Analysis of the suggestions / comments received is given below:

a) It is clarified that the detailed procedure to be followed by listed entities in the Single filing system would be specified by Stock Exchanges by way of a circular.

2. Integration of periodic filings

2.1. **Recommendations of the Expert Committee:**

2.1.1. The Committee recommended introduction of the concept of Integrated Filing by merging periodic filings required under the LODR Regulations into two broad categories:

a) Governance related filings (Corporate Governance report, statement on redressal of investor grievance).
b) Financial related filings (Financial results, statement of deviation in use of proceeds, related party transaction etc.).

2.1.2. The timeline for submission of Integrated filing (Governance) shall be within 30 days from the end of the quarter / half-year / year. The timeline for Integrated Filing (Financial) shall be within 45 days (or 60 days for the last quarter) from the end of the quarter / half-year. The draft format for Integrated Filing (Governance) and Integrated Filing (Financial) was placed as Annexure 2 to the Report.

2.1.3. In the subsequent phases, SEBI was to explore the possibility of expanding the scope of Integrated Filing for listed entities by including other filings, if any, under the LODR Regulations and filings required under other SEBI regulations.

2.1.4. The Committee also recommended doing away with the following filing requirements under the LODR:

a) Reg. 7(3): Annual filing on share transfer facility (maintained either in house or by Registrar to an issue and share transfer agent registered with the Board).

b) Reg. 39(3): Separate event-based disclosure requirement on loss of physical share certificates.

c) Reg. 40(9) & (10): Annual certification on issue of certificates lodged for transfer, renewal, consolidation etc. within the specified timeline.

2.2. **Rationale**:

a) Integrated Filing minimizes the number of filings that need to be done by a listed entity on a periodic basis and reduces fragmentation, duplication of information. Such an integrated filing also helps investors in ease of access to information.

b) Reg. 7(3): The details on share transfer agent are captured as part of other filings viz., share capital reconciliation audit report. Further, change in share transfer agent has to be disclosed by the listed entity as part of event-based disclosure requirements.

c) Reg. 39(3): Physical shareholding in the securities market ecosystem is less than 1% and with effect from April 1, 2019, transfer of shares in physical form is no longer permitted. Therefore, a separate intimation on loss of share certificate to exchanges cautioning members against dealing with such physical shares may no longer be relevant.

d) Reg. 40(9) / (10): This certification may be done away with due to prohibition on transfer of shares in physical mode and negligible physical holding. Further, investor service requests in relation to the physical shares for subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof are also currently processed and finally issued in demat form.

2.3. **Public comments and analysis:**

2.3.1. The aforesaid recommendation was placed as proposals 2 & 3 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

2.3.2. **Proposal 2**: Periodic filings under the LODR need to be merged into two broad categories: Integrated filing (Governance) and Integrated Filing (Financial).

The timeline for Integrated Filing (Governance) needs to be 30 days from the end of the quarter. The time for Integrated Filing (Financial) needs to be within 45 days (or 60 days for the last quarter) from the end of the quarter / half-year for submission to stock exchanges.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
14	**8**	**5**	**1**	**0**	**0**

(ii) Suggestions / comments received on the proposal are summarized below:

a) List of disclosures to be filed by a listed entity under various SEBI Regulations (viz. Regulation for DPs, RTA, PIT, SAST etc.) to be compiled in a consolidated manner and review to be done to minimize the number of filing and avoid duplication of information. Reconciliation of share capital to be filed quarterly and integrated in periodic filings too.

(iii) Analysis of the suggestions / comments received is given below:

a) As suggested by the Expert Committee, integration of other filings done by a listed entity under the LODR and other SEBI regulations may be taken up in later phases.

2.3.3. **Proposal 3:** The following filing requirements under the LODR need to be done away with:

a) Reg. 7(3) on having registered share transfer agent (already captured in quarterly share capital reconciliation audit report).
b) Reg. 39(3) - on event-based disclosure of loss of physical share certificates
c) Reg. 40(9)/(10) - Annual certification on adhering to the timeline for processing requests relating to physical shares.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	7	6	2	0	0

(ii) Most of the commenters have agreed with the proposal and it is also noted that there are no new suggestions or comments with respect to this proposal.

3. System driven disclosure of certain filings

3.1. **Recommendations of the Expert Committee:** The Committee recommended early implementation of the following automation measures:

a) Automatic disclosure of shareholding pattern of listed entities based on the data available with depositories.
b) Automatic disclosure of credit ratings, both new ratings and revision in ratings.

3.2. **Rationale:** The predominant form in which shares are held in the securities market is demat and there is a restriction on transfer of shares in physical form. Therefore, the data required for disclosure of quarterly shareholding pattern is available with depositories and can be fetched easily and disseminated. Such an automatic disclosure would also help in more frequent disclosure of shareholding pattern of listed entities. Data on credit rating is shared by credit rating agencies with Stock Exchanges and therefore can easily be disseminated by Stock Exchanges.

3.3. **Public comments and analysis:**

3.3.1. The aforesaid recommendation was placed as proposals 4 & 5 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

3.3.2. **Proposal 4**: Disclosure of new or revision in credit ratings need to be automated at the end of stock exchanges.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	8	6	1	0	0

(ii) Most of the commenters have agreed with the recommendation and there are no adverse comments received against this proposal.

3.3.3. **Proposal 5**: Disclosure of shareholding pattern need to be automated at the end of depositories and stock exchanges which shall eventually become an automated monthly disclosure.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
17	8	8	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) This a welcoming change, however, a mechanism should be made to take a confirmation on reported data of shareholding pattern from listed entity. As there may be some instances of change in directors, KMPs, allotment of shares in abeyance etc. during the period, to which the depositories may not be aware about through system driven mechanism.

b) Initially, the listed entity should be required to confirm to Shareholding Pattern generated from SDD, within 7 days from the end of month. Once the system gets stabilised, it may be made automated as recommended.

(iii) Analysis of the suggestions / comments received is given below:

a) It is clarified that the detailed procedure for automatic disclosure of shareholding pattern, including the roles and responsibilities of each stakeholder and timelines for specific events, would be specified by Stock Exchanges, in consultation with SEBI, by way of a circular. The procedure would include a mechanism for confirmations to be provided by listed entities within a stipulated timeframe before the information is disseminated to the public.

4. Website Disclosures

4.1. **Recommendations of the Expert Committee:** Listed Entities may be permitted to publish exact link to the webpage of Stock Exchange where information required under reg. 46(2) of the LODR has already been made available by the listed entity. For this purpose, both BSE and NSE have developed curated links for certain types of disclosures made by listed entities to Stock Exchanges. It is also clarified that the listed entity shall host other information and documents that are not available on the Stock Exchange website on its own website.

4.2. **Rationale:** Majority of the information that is required to be uploaded on the website of a listed entity in terms of regulation 46(2) of the LODR are disclosures made by the listed entity to Stock Exchange(s). Therefore, requiring such information to be uploaded again on the website of the listed entity leads to duplication, wastage and strain on the resources. Further, disclosing curated links would also do away with the need to keep updating relevant information on the website of the listed entity.

4.3. **Public comments and analysis:**

4.3.1. The aforesaid recommendation was placed as proposal 6 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

4.3.2. **Proposal 6**: Listed entities need to be permitted to publish exact link to the webpage where information required to be disclosed under regulation 46(2) of LODR has already been made available by the listed entity on Stock Exchange website (curated links to the disclosure available on Stock Exchange).

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
16	5	9	2	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) Clarity is required as to whether link for each and every disclosure i.e. whether Stock exchanges announcement link has to be shared. If the Company would have to share link of each and every filing then it would be duplication of work.

(iii) Analysis of the suggestions / comments received is given below:

a) Annexure 3 of the Expert Committee's report has listed out curated links for specific types of disclosures on both NSE and BSE. It is clarified that unique links for specific types of filings (eg. Shareholding pattern, financial results, corporate announcements etc.) by each listed entity has also been made available by the Exchanges. These links can be uploaded on the website of the listed entity.

5. Newspaper advertisements

5.1. **Recommendations of the Expert Committee:** The requirement of publishing detailed newspaper advertisements on financial results (regulation 47(1)(b)) may be optional for listed entities. However, a small box advertisement with the QR code and web-link to the page where full financial results of the listed entity are available shall be published for the benefit of investors.

5.2. **Rationale:** Reliance on newspapers for financial results of a company has substantially reduced with the advent of other modes for dissemination of information.

5.3. **Public comments and analysis:**

5.3.1. The aforesaid recommendation was placed as proposal 7 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

5.3.2. **Proposal 7**: The requirement of publishing detailed advertisements in newspapers for financial results to be made optional for listed entities. However, a small box advertisement with the QR code and weblink to the page where the full financial results of the listed entity are available shall be published for the benefit of the investors.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	5	5	2	3	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The requirement of small box advertisement may also be prescribed for a limited time-period of 1-2 years post which there may not be a compliance obligation on this front.

b) It is suggested that the small box advertisement with the QR Code facility should also be made optional on the part of the Company.

c) The requirement of publishing Financial Results and other notices in newspapers for the information of shareholders may be done away with.

d) The reliance on newspapers for financial results of a company may have reduced, but it would be incorrect to assume that with increase in use of technology, every individual has become tech savvy. Also, it is practically difficult to read the financials on the phone. Additionally, some companies are already providing QR code along with financial results in newspapers.

(iii) Analysis of the suggestions / comments received is given below:

a) It is observed that there is mixed response from public on the aforesaid proposal. While some commenters have requested SEBI not to do away with the requirement of publishing detailed advertisements in newspapers, others have suggested to remove this provision altogether. The Expert Committee has taken a balanced approach by giving an option to listed entities to publish detailed advertisements on financial results. However, in the interest of investors, a small box advertisement that contains information on where full financial results of the listed entity are available needs to be published. Further, the

recommendation of the Committee is also similar to the extant requirements for debt listed entities. Therefore, the suggestion to completely do away with the requirement of publishing advertisements, including box advertisements, on financial results cannot be accepted.

6. Timeline to fill up vacancies in Board Committees

6.1. **Recommendations of the Expert Committee:** The Committee recommended a timeline of 3 months to fill up vacancies in Board Committees, which result in non-compliance with the composition prescribed in the regulations.

6.2. **Rationale:** The absence of a specific timeline in the regulations for filling up vacancies in Board Committees means that every listed entity has to ensure continuous compliance with the composition prescribed in the LODR, notwithstanding vacancies in the office of a director. Therefore, in order to provide adequate time to listed entities, a timeline of 3 months to fill up vacancies in Board Committees is proposed.

6.3. **Public comments and analysis:**

6.3.1. The aforesaid recommendation was placed as proposal 8 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

6.3.2. **Proposal 8**: Vacancy in the committees of Board of Directors of the listed entity needs to be filled up within a period of 3 months from the date of such vacancy.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	6	5	2	2	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The Board can reconstitute the committees with existing Directors. Further, LODR already provides 3 months for filing up the vacancy of Directors. The vacancy in the committees can be filled when the Board member is inducted, in case the number of Directors is inadequate.

b) The timeline should be increased from 3 months to 6 months in both cases: (i) To fill vacancy in the office of a director as per the provisions of Regulation 17(1E); (ii) To fill up the vacancies in Board Committees arising out of vacancy in the office of a director.

c) It is suggested to increase the timeline for filling up the vacancy in the Board of Directors if the same could not have been envisaged earlier and where prior approval of the regulator is required. The time taken for appointments/ re-appointments made by the Central Government or any Statutory Body may be excluded from calculation of timelines prescribed under this regulation, for filling of such vacancies as the

same is not under the control of listed entities. It is also suggested that the Public Sector Enterprises should be exempted from the recommended timeline.

d) Suggestion to provide 1 month from the date of appointment of director, if the period exceeds 3 months from the date of vacancy.

(iii) Analysis of the suggestions / comments received is given below:

a) Immediate reconstitution of a board committee may be challenging in case of an unanticipated vacancy.

b) The suggestion to increase the timeline for filling up director vacancies to 6 months cannot be accepted as even Companies Act, 2013 and the rules made thereunder require vacancies in the office of independent directors and women directors to be filled up within a period of 3 months. Further, a timeline of 3 months appears to be reasonable for filling up vacancy in the office of a director and board committees.

c) The timeline for filling up director vacancies cannot be increased beyond 3 months due to certain provisions of the Companies Act, 2013 and the rules made thereunder. Further, in the interest of good corporate governance, it is desirable to fill up the vacancies at the earliest. Non-compliance arising out of factors that are beyond the control of a listed entity is currently dealt by Stock Exchanges on a case-by-case basis.

d) As discussed above, a timeline of 3 months appears to be reasonable for filling up vacancies in board committees.

7. Timeline for shareholder approval for appointment or reappointment of director of a listed entity

7.1. **Recommendations of the Expert Committee:** The Committee recommended the following:

a) The time taken for regulatory or statutory or government approvals for appointment or reappointment of a person as a director may be excluded for the purposes of determining the time limit under regulation 17(1C) of the LODR Regulations.

b) Exemption may be granted from the requirement of shareholder approval for directors nominated by Court or Tribunal or financial sector regulators.

7.2. **Rationale:**

a) In line with the recommendations on filing up vacancy of KMPs involving external approvals, it is suggested to exclude the time taken, if any, for obtaining regulatory or statutory or government approvals for a person whose appointment to the board is subject such approvals. In such cases,

the listed entity can obtain shareholder approval only after receiving approval of the appropriate authority.

b) Nomination by financial sector regulators is not as a result of any special rights but as an oversight mechanism by the regulatory authority. Similarly, nomination by Court / Tribunal is for the purpose of oversight and upholding public interest. In such cases, shareholder approval may not be necessary and relevant.

7.3. **Public comments and analysis:**

7.3.1. The aforesaid recommendation was placed as proposals 9 & 10 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

7.3.2. **Proposal 9**: The time taken for regulatory or statutory or government approvals for appointment or reappointment of a person as a director need to be excluded for the purposes of determining the time limit of 3 months for obtaining shareholder approval under regulation 17(1C) of the LODR Regulations.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
14	4	8	2	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The timelines can be extended instead of excluding the time taken for obtaining statutory/govt. approvals. Timelines given in Reg 17(1C) needs to be aligned with the timelines given in first proviso of Reg. 26A.

(iii) Analysis of the suggestions / comments received is given below:

a) The objective of regulation 17(1C) (time-bound shareholder approval for new directors) and regulation 26A (time-bound filling up of KMP vacancies) are different. Therefore, relaxation to the timelines are different in both the cases. In case of regulation 17(1C), it would be appropriate to obtain shareholder approval after receiving clearance from the concerned regulatory / government / statutory authorities.

7.3.3. **Proposal 10**: Exemption needs to be granted from the requirement of shareholder approval for directors nominated by Court or Tribunal or financial sector regulators.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	5	4	2	1	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The directors appointed/nominated on the Board of listed entity by Central or State Govt. or any regulatory/ statutory body should also be granted an exemption from taking shareholder's approval, as shareholders of the listed entity may not have power to overturn the decision of such statutory authority taken pursuant to provision of relevant Act, laws or regulatory guidelines.

b) The exemptions should also be granted for the Government Nominee directors appointed by the administrative Ministries in case of PSUs.

(iii) Analysis of the suggestions / comments received is given below:

a) It is a well-established principle that shareholder democracy is the foundation of good corporate governance. Therefore, appointment of directors with the consent and approval of shareholders should be the norm with limited exceptions. Those exceptions could be in specific cases where appointments are made in larger public interest.

b) It may be noted that Government is also a shareholder in public sector companies. Therefore, Government nominee directors in public sector companies have to be differentiated from nominee directors of financial sector regulators or Court or Tribunal in listed entities. Hence, the proposed exemption is limited to the second category of directors.

8. Framework for reclassification of promoter or promoter group entities

8.1. **Recommendations of the Expert Committee:** The Committee recommended the following changes to the framework for reclassification of promoter or promoter group entities as public under the LODR Regulations:

8.1.1. Procedure: In order to streamline the process and to reduce the time taken for effecting reclassification of an entity, the following procedural changes are suggested:

i. The board of directors of a listed entity shall consider the request for reclassification in the immediate next board meeting or within two months, whichever is earlier.
ii. The listed entity shall make an application to the recognized stock exchanges for their no-objection within 5 days of obtaining the board's views on the reclassification request.

iii. The recognized stock exchanges shall provide their no-objection certificate (NOC) within 30 days from the submission of the request (time taken by the listed entity to respond to queries, if any raised by stock exchanges, to be excluded for the purpose of calculating the 30 days' time-period). If there are changes in the facts and circumstances after receipt of NOC (e.g. increase in voting rights), the listed entity would be required to seek Stock Exchange approval before effecting reclassification.

iv. After receipt of NOC from Stock Exchanges, the listed entity to seek shareholders' approval for reclassification within 60 days.

v. Upon receipt of shareholder approval, the listed entity to notify the stock exchanges within 5 days and effect reclassification of the entity.

8.1.2. Penalty for delay in processing the requests: If a listed entity does not place a fully compliant reclassification request (obligation on the promoter or promoter group entity to ensure compliance with regulation 31A(3)(b) before making an application) before its board of directors within 60 days of receipt, then it shall be liable for penalty by Stock Exchanges. The SoP portion of the Master Circular dated July 11, 2023 to be suitably amended to include penalty provisions for the said non-compliance.

8.1.3. Outcome of the board meeting (instead of minutes), including the views of the board on the reclassification request, to be disclosed under regulation 31A(8)(b).

8.2. **Rationale:**

8.2.1. Replacing Stock Exchange approval with its no-objection, which shall be given in a time-bound manner, considerably reduces the total time taken for effecting reclassification. Further, it also reduces the possibility of defective or ineligible applications being placed before shareholders for approval. Rationalizing timelines for other events also helps in reducing the time taken for effecting reclassification.

8.2.2. The threat of penalty for any delay would ensure time-bound processing of reclassification requests by listed entities.

8.2.3. Minutes of a board meeting is generally finalized within 30 days of conclusion of the board meeting. Therefore, outcome instead of minutes may be disclosed.

8.3. **Public comments and analysis:**

8.3.1. The aforesaid recommendation was placed as proposals 11 to 13 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

8.3.2. **Proposal 11**: The process of reclassification of an entity from promoter to public needs to be rationalised as follows:

a) The board of directors of a listed entity to consider the request for reclassification in the immediate next board meeting or within two months, whichever is earlier.
b) Within 5 days of obtaining Board's views, the listed entity to make an application to the recognized stock exchanges for their no-objection certificate (NOC) and stock exchanges to provide their NOC within 30 days from the submission of the request.
c) Shareholders' approval to be sought within 60 days of receipt of NOC from recognized stock exchanges.
d) Upon receipt of shareholder approval, the listed entity to notify the stock exchanges within 5 days and effect reclassification of the entity.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
14	6	3	4	1	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The proposed amendment uses the term views of the Board. This phrase should be replaced with a board resolution approving the request of the relevant promoter. To avoid any confusion and make it amply clear that the approval of the Board by simple majority at least is a prerequisite for initiating the next steps for reclassification.

b) We request SEBI to consider a timeline of 90 days for seeking the shareholder approval instead of 60 days.

c) In case of corporates that have been classified as members of promoter group by virtue of the definition of ICDR there should be an exemption from the provision of regulation 31A for such body corporates with NIL holdings which ceases to be part of promoter group owing to the complete divestment of stake in such body corporate. Especially when there is divestment of stake and the exchange does not give the approval or NOC within time a clarity should be given for differentiating the new promoters and the old promoters.

(iii) Analysis of the suggestions / comments received is given below:

a) It may be noted that the board of directors give their recommendations to shareholders for matters requiring shareholder approval. Therefore, the term ‘views of the board’ is more appropriate than ‘approval of the board’. Even if the board does not agree with the request of the promoter / promoter group for reclassification, it still has to place the same before shareholders along with reasons for its disagreement.

b) It is understood that reclassification of promoter or promoter group is an occasional event for many listed entities. The objective here is to

reduce the time taken for effecting such reclassification. A timeline of 60 days for seeking approval of shareholders appears reasonable given the options (EGM, postal ballot) that are available for listed entities to seek shareholder approval.

c) The process of reclassification of entities holding less than 1% is already simplified and there appears no compelling reason to grant further relaxation.

8.3.3. **Proposal 12**: Penalty needs to be imposed on a listed entity that does not place a fully compliant reclassification request before its board of directors within 60 days of its receipt.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	5	2	5	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) The promoters seeking reclassification should be responsible for filling fully compliant reclassification request. Penalizing the listed entity for promoters' failure is not justified.

(iii) Analysis of the suggestions / comments received is given below:

a) The Committee report has already mentioned that the listed entity has to place a fully-compliant request for reclassification before its board of directors within a period of 2 months. In view of the comments received, it is proposed to clarify in the regulations that the timeline for the Board would start from the date of receipt of a fully compliant application from promoter / promoter group.

8.3.4. **Proposal 13:** Outcome of the board meeting (instead of minutes) needs to be disclosed under regulation 31A(8)(b) of LODR, including the views of the board on the reclassification request.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	4	5	2	1	0

(ii) No specific comments have been received on the aforesaid proposal.

9. Obligation for disclosure of information to the listed entity

9.1. **Recommendations of the Expert Committee:** The promoters, directors and KMPs shall disclose all information that is relevant and necessary for the listed entity to ensure compliance with applicable laws.

9.2. **Rationale:** This shall help the listed entity in making accurate disclosures as required under the LODR Regulations (eg. Shareholding pattern, related parties etc.) and other applicable laws and also help the shareholders with accurate information about the listed entity.

9.3. **Public comments and analysis:**

9.3.1. The aforesaid recommendation was placed as proposal 14 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

9.3.2. **Proposal 14**: The promoter, promoter group, key managerial personnel, directors or any other person dealing with the listed entity need to disclose all information necessary for the listed entity to ensure compliance with LODR and other applicable laws.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	4	6	2	2	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) The proposed amendment obliges KMPs, directors, promoters and promoter groups to disclose to the listed entity all information necessary under applicable laws. The term applicable laws should be replaced with under these Regulations.

b) Suggested changes to proviso may address two specific points: (i) the disclosure of information be limited to what is relevant for promoters, KMPs and others with respect to the listed entity, which is shareholding and related party disclosures. Else this becomes too wide and subject to potential ambiguities (specially for independent directors and third parties); and (ii) the text of Regulation 5 itself (prior to the proviso) requires compliance with LODR, and not every applicable law – the proviso may accordingly be restricted under LODR. Additionally, each law/ regulation independently refers to person(s) responsible and consequences for breach - and LODR may not need to cover the same in proviso to Regulation 5.

c) In case of Indian Companies having Foreign Parent, exception should be considered and made especially for foreign Director/KMP of such foreign parent. Foreign parent is not governed by Indian laws and therefore this obligation on them would be erroneous as personal / privacy laws come into picture.

(iii) Analysis of the suggestions / comments received is given below:

a) It may be noted that the objective of this proposal is to help listed entities in having necessary information for compliance with applicable laws. It is pertinent to note that regulation 4(1)(g) of the LODR requires the listed entity to abide by all the provisions of applicable laws, including securities laws.

b) As mentioned above, the principles under the LODR Regulations are wider in its applicability. Therefore, restricting the provision to disclosure of some specific types of information would defeat the desired objective.

c) It would be the duty of the foreign parent or director to provide necessary information to the listed entity to ensure its compliance with Indian and other applicable laws. The rights enjoyed as a shareholder or otherwise in a listed entity have to be balanced with certain duties to be performed in the larger interest of the listed entity and its stakeholders.

10. Definition of related party transactions

10.1. **Recommendations of the Expert Committee:** In line with the current exemptions under Regulation 2(1)(zc) of LODR given to transactions which are uniformly applicable / offered to all shareholders / public, the following are proposed to be exempted from the definition of related party transactions (RPTs):

10.1.1. Corporate actions by subsidiaries of a listed entity and corporate actions received by the listed entity or its subsidiaries which are uniformly applicable / offered to all shareholders in proportion to their shareholding.

10.1.2. Acceptance of current account deposits or saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India (RBI) from time to time.

10.1.3. Retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable / offered to all employees and directors.

10.2. **Rationale:**

10.2.1. Since the intent of the law is to exclude corporate actions which are uniformly applicable to all the shareholders from the definition of RPT, any such corporate

action whether undertaken or received by the listed entity or its subsidiary should not be considered as RPT.

10.2.2. The acceptance of current account deposits and savings account deposits by banks are regulated by RBI. The interest rates payable on savings account deposits are uniformly applicable to all public, except for additional interest to the bank's staff and directors, in line with the directions issued by RBI.

10.2.3. Retail purchases from an entity by its directors or employees are in the nature of transactions with a customer without creating a business relationship. These transactions at rates uniformly offered to all directors and employees should be exempted from the definition of RPT.

10.3. **Public comments and analysis:**

10.3.1. The aforesaid recommendation was placed as proposal 15 to 17 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

10.3.2. **Proposal 15 -** Corporate actions by subsidiaries of a listed entity and corporate actions received by the listed entity or its subsidiaries which are uniformly applicable / offered to all shareholders in proportion to their shareholding need to be exempted from the definition of RPT.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
19	5	9	5	0	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Unlisted subsidiaries should <u>not</u> be exempted as they may not have Boards or Audit Committees of their own, to take such decisions.

b) The word 'shareholders' should be replaced with 'security holders'.

(iii) Analysis of the suggestions / comments received is given below:

a) The condition for exemption to corporate actions is that they should be uniformly applicable / offered to all shareholders in proportion to their shareholding. If this condition is satisfied, there is no unequal treatment / benefit to any select shareholder(s).

b) Security holders would include debt security holders as well. Corporate actions such as payment of dividend, rights issue, buy-back of shares, etc. are relevant for equity shareholders. Hence, the word 'shareholders' meaning equity shareholders is more apt.

10.3.3. **Proposal 16 -** Acceptance of current account deposits or saving account deposits by banks in compliance with the directions issued by RBI from time to time need to be exempted from the definition of RPT.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
18	5	10	3	0	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Deposit taking NBFCs should also be covered under the exemption.

b) Acceptance of current account deposits and savings account deposits by banks in compliance with the directions issued by the central bank in the relevant jurisdiction should also be exempted.

c) Payment of interest on deposits should also be covered under the exemption.

d) A provision should be included by which the other counter related party be also exempted in treating such transaction as a related party transaction.

(iii) Analysis of the suggestions / comments received is given below:

a) NBFCs can accept only term / fixed deposits and not demand deposits viz. current account deposits and savings account deposits. Hence, the exemption is not applicable to them.

b) In case of banks in other jurisdictions, the exemption should be applicable if the acceptance of deposits is in line with the directions issued by the central bank in that jurisdiction. Hence, this suggestion may be accepted.

c) Payment of interest is an integral part of acceptance of deposits. Hence, this suggestion may be accepted and it may be clarified that acceptance of deposits includes payment of interest thereon.

d) Exempting acceptance of deposits by banks from the definition of RPT implies that the transaction itself is being exempted. Hence, the counter related party is already exempted in treating such transaction as RPT.

10.3.4. **Proposal 17 -** Retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable / offered to all employees and directors need to be exempted from the definition of RPT.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
23	7	10	5	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Retail transactions with relatives of directors or KMPs should also be exempted, if the terms are as offered / applicable to employees / their relatives.

b) The terms 'retail purchase' and 'business relationship' should be defined.

c) A cut off amount or material threshold i.e. Rs. 5 lacs or 10 percent of annual income of the director or employee should be prescribed since retail purchases in certain industries i.e. real estate or luxury brands may involve sizable amount.

(iii) Analysis of the suggestions / comments received is given below:

a) Companies may provide discounts for retail purchases to their directors and employees. However, such discounts may not be offered to relatives of the directors or KMPs. Hence, the proposed exemption is applicable to retail purchases at terms uniformly applicable / offered to all employees and directors.

b) The terms are self-explanatory and may vary from sector to sector. Hence, it may not be appropriate to include a single definition of these terms in the regulations.

c) The concern of providing benefit to a single party does not arise since the terms of the transaction should be uniformly applicable / offered to all employees and directors. In view of the same, specifying a threshold for such transactions may not be required.

11. Approval of RPTs by the audit committee of the listed entity

11.1. **Recommendations of the Expert Committee:** The requirement for prior approval of RPTs by the audit committee of the listed entity may be exempted as follows:

11.1.1. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, KMP or senior management, except who is part of the promoter or promoter group, may be exempted from the requirement of approval by the audit committee provided that it is not material as per Regulation 23(1) of LODR.

11.1.2. The independent directors who are members of the audit committee of a listed entity may provide post-facto ratification to RPTs within 3 months from the date

of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(i) the value of ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore.
(ii) the transaction is not material as per Regulation 23(1) of LODR.
(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
(iv) the details of ratification shall be disclosed along with the half-yearly disclosures of RPTs under Regulation 23(9) of LODR (value of RPT ratified by the audit committee shall be disclosed in a separate column in the format for disclosure of RPTs specified by SEBI vide Circular no. 2021/662 dated November 22, 2021 (now part of Section III-B of Master Circular no. 2023/120 dated July 11, 2023)).
(v) any other condition as specified by the audit committee.

Further, failure to seek ratification of the audit committee shall render the transaction voidable at the option of the board of directors and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

11.2. **Rationale:**

11.2.1. Remuneration to directors, KMP and senior management is recommended by the Nomination and Remuneration Committee ("**NRC**") and approved by the Board of Directors. Requiring such transactions to be also approved by the Audit Committee may not be warranted. However, if such remuneration is material or paid to promoter, the same should be subjected to additional scrutiny in the form of approval by the Audit Committee and the shareholders, if material.

11.2.2. Section 177(4) of the Companies Act, 2013 permits ratification of RPTs within a period of 3 months from the date of entering into the concerned transaction. Allowing ratification of RPTs will ensure continuity of business for urgent transactions and avoid listed entities from being penalised due to genuine reasons especially in case of large conglomerates which have large no. of RPTs. However, checks and balances, in addition to those mentioned in the Companies Act, are recommended to avoid misuse of the provision and ensure that the ratification of RPTs is undertaken only in genuine circumstances.

11.3. **Public comments and analysis:**

11.3.1. The aforesaid recommendation was placed as proposal 18 to 20 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

11.3.2. **Proposal 18 -** Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of the promoter or promoter group, need to be exempted from the requirement of approval by the audit committee provided that it is not material as per Regulation 23(1) of LODR (more than Rs. 1000 crore or 10% of annual consolidated turnover, whichever is lower).

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
17	4	8	4	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Remuneration to employees (who are directors on subsidiaries of listed company) may also be exempted.

b) Remuneration and sitting fee paid by the listed entity or any of its subsidiary to its director, KMP or senior management should be exempted in all cases, irrespective of the person belonging to the promoter/ promoter group.

c) The definition of related party currently does not include Senior Management. Therefore, it is recommended to delete the references to Senior Management in this context to ensure alignment with the established related party definitions.

d) As a matter of transparency and accountability or oversight the current mechanism of audit committee approval for remuneration should be continued.

(iii) Analysis of the suggestions / comments received is given below:

a) Remuneration to all employees is not subjected to approval by NRC / Board of Directors. Hence, the exemption is not proposed for all employees but limited to KMPs and senior management.

b) There is an inherent conflict of interest in payment of remuneration to persons from promoter / promoter group since they are in control of the company. Hence, payment of remuneration to such persons should be subjected to greater scrutiny in terms of approval by audit committee.

c) While senior management are not covered in the definition of related party, senior management of a listed entity may be appointed as director in the subsidiary company. Thus, such person is a related party of the subsidiary and payment of remuneration by the listed entity or subsidiary to such person is covered under the definition of related party transaction.

d) Oversight by NRC and board of directors is already present in payment of such remuneration. Further, as a measure of additional scrutiny payment of remuneration to promoter / promoter group and payment of remuneration exceeding the materiality threshold have not been exempted.

11.3.3. **Proposal 19 -** The independent directors who are members of the audit committee of a listed entity may provide post-facto ratification to RPTs within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to following conditions:

a. the value of ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore.
b. the transaction is not material as per Regulation 23(1) of LODR (more than Rs. 1000 crore or 10% of annual consolidated turnover, whichever is lower).
c. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
d. the details of ratification shall be disclosed along with the half-yearly disclosures of RPTs under Regulation 23(9) of LODR.
e. any other condition as specified by the audit committee.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
21	3	7	9	2	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) The transaction limit set on Rs. 1 crore is too low and should be increased. Such limit should be linked to a specified percentage of 1 or 2 per cent of the annual consolidated turnover of the listed company.

b) The power to ratify should be based on the judgment of the members of Audit Committee, and not on any threshold-based conditions.

c) The period of post-facto ratification may be amended to the ‘later’ of three months or next meeting of the Audit Committee.

d) The words ‘in a financial year’ is out of context, as the transaction needs to be ratified within 3 months by the Audit Committee.

e) Impose limits on the number of ratifications to prevent misuse and ensure that this does not become a routine method to avoid prior approval of Audit Committee.

(iii) Analysis of the suggestions / comments received is given below:

a) Section 177(4) of the Companies Act, 2013 has also put a threshold in terms of absolute number i.e. Rs. 1 crore. A low threshold shall prevent misuse of this provision.

b) A minimum set of criteria is necessary to ensure that ratification is undertaken by the company only under genuine circumstances. The Audit Committee may specify any additional criteria for ratification.

c) Specifying the timeline as the later of 3 months or next meeting of the Audit Committee may be prone to misuse by deliberate delay in conducting Audit Committee meeting.

d) The threshold limit of Rs. 1 crore is proposed for ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year. Hence, the ratified transactions in a financial year with a related party should not exceed Rs. 1 crore.

e) The threshold limit of Rs. 1 crore is applicable for ratified transactions taken together in a financial year. Hence, the number of ratifications is limited to the extent that the value of such ratified transactions does not exceed Rs. 1 crore.

11.3.4. **Proposal 20 -** Failure to seek ratification of the audit committee shall render the transaction voidable at the option of the board of directors and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
13	5	3	4	0	1

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Any failure to ratify a related party transaction should render such transaction voidable at the option of the Audit Committee itself, in line with section 177(4) of the Companies Act, 2013, instead of moving the same into the domain of the board.

(iii) Analysis of the suggestions / comments received is given below:

a) The suggestion may be accepted to keep the provision in line with section 177(4) of the Companies Act, 2013. The transaction shall be voidable at the option of the Audit Committee itself, rather than Board of Directors as proposed in the consultation paper.

12. Omnibus approval of RPTs by the audit committee

12.1. **Recommendations of the Expert Committee and rationale:** The provision of omnibus approval under Regulation 23(3) of LODR should be applicable to RPTs by subsidiaries as well since the intent of the regulation is to cover all RPTs which may be entered into by the listed entity or any of its subsidiaries as defined under Regulation 2(1)(zc) of LODR.

12.2. **Public comments and analysis:**

12.2.1. The aforesaid recommendation was placed as proposal 21 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

12.2.2. **Proposal 21 -** The provision of omnibus approval under Regulation 23(3) of LODR to be made applicable to RPTs by subsidiaries as well.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	3	5	4	2	1

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) The extension of omnibus approval should only be made applicable on unlisted material subsidiaries as the listed subsidiaries are already being governed by the same Regulation.

b) The proposal will increase the compliance burden of the Audit Committee of listed entity to approve and review related party transactions to which listed entity is not party.

(iii) Analysis of the suggestions / comments received is given below:

a) The provision of omnibus approval is an additional voluntary option available to the Company to get approval for recurring transactions from the Audit Committee. Hence, it is made available for all subsidiaries, irrespective of whether material or not, and can be utilized wherever RPTs of subsidiaries are required to be approved by the Audit Committee of the listed entity.

b) As stated above, there is no additional burden being placed upon the Audit Committee. Rather, an additional mechanism shall be available for the Audit Committee for approving recurring RPTs by the subsidiaries.

13. Exemption from approval requirements for RPTs

13.1. **Recommendations of the Expert Committee:** In line with the current exemptions under Regulation 23(5) of LODR for transactions between two government companies, the following transactions may also be exempted from the approval requirements for RPTs:

13.1.1. Payment of statutory dues, fees or charges to the Central Government and/or any State Government.

13.1.2. Transactions entered into between two public sector companies (including government companies).

13.1.3. Transactions entered into between a public sector company (including government company) on one hand and the Central Government or any State Government or any combination thereof.

13.2. **Rationale:**

13.2.1. Payment of statutory dues, fees or charges to the Government are statutory obligation of a company and should not be subjected to approval requirements for RPTs.

13.2.2. The definition of 'public sector company' under the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**") is broader than the definition of 'government company' under the Companies Act, 2013. Under SCRR, 'public sector company' means a body corporate constituted by an Act of Parliament or any State Legislature and includes a government company. Hence, the term 'government company' may be replaced by 'public sector company' in Regulation 23(5) of LODR.

13.2.3. The transactions between a public sector company and the Government are similar to transactions between two public sector companies and are transactions in the public interest or of the statutory nature. Such transactions are also exempted from approval requirements for RPTs under the Companies Act, 2013.

13.3. **Public comments and analysis:**

13.3.1. The aforesaid recommendation was placed as proposal 22 & 23 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

13.3.2. **Proposal 22 -** Payment of statutory dues, fees or charges to the Central Government and/or any State Government need to be exempted from approval requirements for RPTs.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
16	3	8	4	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Following transactions should also be exempted: (i) Any transaction (not only statutory dues) with the Central Government and/or any State Government or Government in foreign jurisdictions. (ii) Companies owned by the Central Government and/or any State Government or Government in foreign jurisdictions.

(iii) Analysis of the suggestions / comments received is given below:

a) Government or government companies may also be providing contracts to private companies. The nature of transactions undertaken under such contracts would be different from the statutory transactions which are in the nature of statutory obligations of the company. Hence, only statutory transactions are proposed to be exempted. Further, transactions undertaken with foreign jurisdictions need scrutiny particularly in light of transfer pricing rules.

13.3.3. **Proposal 23 -** Transactions entered into between two public sector companies (including government companies), and transactions entered into between a public sector company (including government company) on one hand and the Central Government or any State Government or any combination thereof on the other hand need to be exempted from approval requirements for RPTs.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	1	8	3	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) The definition of Government Company as per the Companies Act, 2013, includes the subsidiary company of such a Government company. Whereas the subsidiary of a Public Sector Company, which is controlled and significantly influenced by Central Govt./ State Govt. are not covered under the exemption. The exemption should include all government companies, government related entities and state-controlled enterprises.

b) Simplified approach would be removing government entities including public sector entities from the list of related party definition instead of giving specific exemption.

c) Giving exemption only to the government companies does not seem very fair on the LODR Regulations which is based on principles of equality.

(iii) Analysis of the suggestions / comments received is given below:

a) The definition of public sector companies under SCRR does not include subsidiaries of body corporates but includes subsidiaries of a government company. The distinction in non-inclusion of subsidiaries of body corporates and inclusion of subsidiaries of government companies in the definition of public sector companies has been made in the SCRR. Hence, the same definition as mentioned in SCRR is being referred to in LODR.

b) Related party transactions between government entities and private entities require scrutiny by the Audit Committee and hence, should not be exempted.

c) Public sector companies undertake business in public interest and subject to rigorous vigilance and audit guidelines. Hence, transactions between two public sector companies and those by public sector companies are proposed to be exempted. Similar exemption is also provided under the Companies Act, 2013.

14. Half-yearly disclosure of RPTs

14.1. **Recommendations of the Expert Committee:** Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, KMP or senior management, except who is part of the promoter or promoter group, may be exempted from disclosure requirement under regulation 23(9) of LODR provided that the same is not material in terms of the provisions of Regulation 23(1) of LODR Regulations.

14.2. **Rationale:** Disclosure of remuneration paid by any company to its director and KMP is required to be disclosed as part of its annual return as per Section 92 of the Companies Act. Further, the details of top 10 employees in terms of remuneration drawn and the employees in receipt of remuneration more than the specified threshold are required to be disclosed in the Board's report as per Section 197(12) of the Companies Act r/w Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Additional disclosure of remuneration paid to directors, KMP and senior management, which are also approved by the board of directors, under the half-yearly RPT report may lead to duplication of disclosures which may not be warranted. However, if the remuneration paid is material or if the remuneration is paid to a person who is part of the promoter or promoter group, the same should be disclosed to the investors and subjected to greater scrutiny.

14.3. **Public comments and analysis:**

14.3.1. The aforesaid recommendation was placed as proposal 24 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

14.3.2. **Proposal 24 -** Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of the promoter or promoter group, need to be exempted from disclosure provided that it is not material as per Regulation 23(1) of LODR (more than Rs. 1000 crore or 10% of annual consolidated turnover, whichever is lower).

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
11	4	4	2	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) For better corporate governance the disclosure of such transactions should continue.

(iii) Analysis of the suggestions / comments received is given below:

a) The disclosure of remuneration to directors, KMPs and top 10 employees is already made by companies under various provisions of Companies Act, 2013 and the rules made thereunder. Duplicate disclosure under half-yearly RPT reports may not be warranted.

15. Timeline for disclosure of material events or information

15.1. **Recommendations of the Expert Committee:** The timeline for disclosure of material events or information under Regulation 30(6) of LODR may be relaxed as given below:

15.1.1. Timeline for disclosure of events which are decided in the meeting of the board may be as follows based on the time of closure of the board meeting:

(i) In case the board meeting closes after the normal trading hours (time period for which the recognized stock exchanges are open for trading for all investors) but more than 3 hours before the beginning of the next normal trading hours, the disclosure shall be made within 3 hours from the closure of the board meeting.

(ii) In case the board meeting closes during the normal trading hours or within 3 hours before the beginning of the normal trading hours, the disclosure shall be made within 30 minutes from the closure of the board meeting.

Illustrations for time of closure of board meeting and applicable timeline for disclosure of event decided in such board meeting based on the above mentioned recommendation are given below (considering the current normal trading hours on the stock exchanges as 9:15 AM to 3:30 PM):

S. No.	Time of closure of board meeting (on a trading day)	Timeline for disclosure of event decided in the board meeting
1.	4:00 AM	7:00 AM (within 3 hours)
2.	5:00 AM	8:00 AM (within 3 hours)
3.	6:00 AM	9:00 AM (within 3 hours)
4.	6:15 AM	6:45 AM (within 30 min.)
5.	7:15 AM	7:45 AM (within 30 min.)
6.	8:15 AM	8:45 AM (within 30 min.)
7.	9:15 AM	9:45 AM (within 30 min.)
8.	12:00 PM	12:30 PM (within 30 min.)
9.	3:30 PM	4:00 PM (within 30 min.)
10.	3:45 PM	6:45 PM (within 3 hours)
11.	6:00 PM	9:00 PM (within 3 hours)
12.	12:00 AM	3:00 AM (within 3 hours)

15.1.2. Timeline for disclosure may be increased to 72 hours from the existing 24 hours in case of litigations or disputes wherein claims are made against the listed entity.

15.1.3. Annexure II of SEBI Circular no. 2023/123 dated July 13, 2023 on timelines for disclosure of material events or information shall also be suitably modified in line with the above proposed changes in the LODR Regulations.

15.2. **Rationale:**

15.2.1. Outcome of board meeting is price sensitive and hence, should be disclosed immediately. However, in case the board meeting is conducted after trading hours, additional time may be provided to the listed entities since the market will have sufficient time to absorb the information before beginning of the next trading hours.

15.2.2. In case of claims made against the listed entity in any litigation or dispute, additional time may be required for assessment of materiality of the event / information in terms of regulation 30(4) of LODR.

15.3. **Public comments and analysis:**

15.3.1. The aforesaid recommendation was placed as proposal 25 & 26 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

15.3.2. **Proposal 25 -** The events which are decided in the board meeting need to be disclosed in the following manner:

a. In case the board meeting closes after the normal trading hours but more than 3 hours before the beginning of the next normal trading hours, the disclosure shall be made within 3 hours from the closure of the board meeting.
b. In case the board meeting closes during the normal trading hours or within 3 hours before the beginning of the normal trading hours, the disclosure shall be made within 30 minutes from the closure of the board meeting.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	6	6	1	0	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Where the board meeting closes within 3 hours before the beginning of the normal trading hours, it may be considered amending the compliance to disclosure being made at least 30 minutes before the beginning of the normal trading hours (except where the board meeting closes within 30 minutes before the beginning of normal trading hours).

b) The information to the investor should be disseminated on an urgent basis. However, the rationale for proposing three hours is not clear.

(iii) Analysis of the suggestions / comments received is given below:

a) The suggested change will create a third case for timeline for disclosure of outcome of the board meeting which will create complexity in compliance. Further, where the board meeting closes within 3 hours before the beginning of the normal trading hours, disclosure of outcome of board meeting within 30 minutes would provide investors time to absorb the information.

b) In some cases, companies may need additional time for disclosure of outcome of board meeting. Hence, an extended time period of 3 hours from the closure of board meeting after trading hours is proposed to provide sufficient time to such companies to make the disclosure.

15.3.3. **Proposal 26 -** Timeline for disclosure need to be increased to 72 hours from the existing 24 hours in case of litigations or disputes wherein claims are made against the listed entity.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
16	5	6	2	2	1

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) There is a high possibility of misuse of information by insiders if the disclosure timeline is increased three fold. As the details of such claims could be available with a large number of individuals at the claimant side as well as the listed company along with advisors etc., the chances of misuse are higher.

(iii) Analysis of the suggestions / comments received is given below:

a) SEBI (Prohibition of Insider Trading) Regulations, 2015, inter-alia, prohibits insiders to trade in securities of the company when in possession of unpublished price sensitive information (UPSI). An increased timeline would ensure that the listed entities have sufficient time to assess the claims made against it.

16. Disclosure of acquisition by listed entities

16.1. **Recommendations of the Expert Committee:**

16.1.1. Disclosure of acquisition under sub-para (20) of Para A of Part A of Schedule III of LODR ("**Para A**") may be required if the listed entity, whether directly or indirectly, holds shares or voting rights in a company, whether listed or unlisted, aggregating to 20% (increased from 5% at present) or there has been any subsequent change in holding in the company exceeding 5% (increased from 2% at present). However, acquisition of shares or voting rights in an unlisted company, aggregating to 5% or any subsequent change in holding exceeding 2%, shall be disclosed on a quarterly basis as part of the Integrated Filing (Governance). The format for disclosure in the Integrated Filing (Governance) is given below:

S. No.	Name of the unlisted company in which shares or voting rights have been acquired	Date of acquisition	% shares or voting rights acquired during the quarter	Aggregate holding (% shares or voting rights) as at the end of the quarter

16.1.2. The following details shall be disclosed in case of 'to be incorporated' companies:

(i) name of the entity, date & country of incorporation, etc.;
(ii) name of holding company of the incorporated company and relation with the listed entity;
(iii) industry to which the entity being incorporated belongs;
(iv) brief background about the entity incorporated in terms of products / line of business;
(v) brief details of any governmental or regulatory approvals required for the incorporation;

(vi) nature of consideration - whether cash consideration or share swap and details of the same;

(vii) cost of subscription / price at which the shares are subscribed;

(viii) percentage of shareholding / control by the listed entity and / or number of shares allotted.

16.2. **Rationale:**

16.2.1. Acquiring shares or voting rights of more than 20% in a company makes the company an associate of the listed entity and hence, should be required to be disclosed. Increasing the holding limit for disclosure of acquisition of shares or voting rights would reduce the number of disclosures, especially in case of acquisition of small companies / start-ups which have low paid-up capital. However, disclosure of acquisition of shares or voting rights of 5% aggregate holding and subsequent 2% change in holding by any person / entity in a listed entity is currently required under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("**SAST Regulations**"). Hence, such disclosure of acquisition of shares or voting rights in an unlisted entity should be required quarterly to ensure parity of availability of information in case of acquisition in listed and unlisted companies.

16.2.2. The details which are required to be disclosed along with disclosure of acquisition of a company as per Annexure I to SEBI Circular no. 2023/123 dated July 13, 2023 may not all be relevant for a newly incorporated company. Hence, only the details which are specific to such companies are being specified for disclosure.

16.3. **Public comments and analysis:**

16.3.1. The aforesaid recommendation was placed as proposal 27 & 28 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

16.3.2. **Proposal 27 -** Disclosure of acquisition shall be required if the listed entity, whether directly or indirectly, holds shares or voting rights aggregating to 20% (increased from 5% at present) or there has been any subsequent change in holding exceeding 5% (increased from 2% at present). However, acquisition of shares or voting rights in an unlisted company, aggregating to 5% or any subsequent change in holding exceeding 2%, need to be disclosed on a quarterly basis as part of the Integrated Filing (Governance).

(i) A summary of the public comments relating to the proposal is given below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
19	6	8	4	1	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Disclosure for additional investments of 5% change should be triggered only for investments in listed companies or when the nature of relationship changes from associate to subsidiary.

b) Requirement for quarterly disclosure for 5% and 2% changes (which are not otherwise material) may be dispensed with.

c) The limit for disclosure should be uniform for both listed and unlisted.

d) Increasing the disclosure limit from 5% to 20% is substantial. This would encourage concentration of wealth in fewer hands and may add to unfair competition in the industry. Hence, the existing limits should be continued with.

(iii) Analysis of the suggestions / comments received is given below:

a) Any additional investment of 5%, beyond 20% aggregate holding, indicates consolidation of holdings in the target company and hence should be disclosed.

b) The quarterly disclosure of aggregate holding of 5% and any subsequent change of 2% holding in an unlisted company ensures parity with the disclosures under SAST Regulations for acquiring shares in a listed company.

c) As stated above, parity in disclosures for acquisition of shares in listed and unlisted is being ensured by the proposed quarterly disclosure for acquisition of shares of an unlisted company and the existing disclosures under SAST Regulations for acquisition of shares of a listed company.

16.3.3. **Proposal 28 -** Details to be provided along with the disclosure of 'to be incorporated' companies need to be specified in Annexure I to SEBI Circular no. 2023/123 dated July 13, 2023.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
14	3	8	1	2	0

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) As per the disclosure requirements, it is not clarified how to disclose the date of incorporation, price at which the shares are subscribed etc. of the entities which are yet to be incorporated. The regulatory requirements are also different for different types of entities to be incorporated under different statutes.

(iii) Analysis of the suggestions / comments received is given below:

a) The details are required to be disclosed at the time of incorporation of a company in which the listed entity has subscribed shares. In case any of the specified details are not available with the listed entity at the time of making the disclosure, the listed entity may provide an estimate and provide updated details upon finalization.

17. Disclosure of tax litigations or disputes

17.1. **Recommendations of the Expert Committee and rationale:** The Committee noted that receipt of tax demand notices, initiation of tax litigation or tax related disputes are in the nature of litigation / dispute / assessment which are required to be disclosed under sub-para (8) of Para B of Part A of Schedule III of LODR ("**Para B**"). Such disclosures are not warranted under sub-para (20) of Para A which requires disclosure of actions taken or orders passed including imposition of penalty. Therefore, the Committee recommends addition of a clarification in Annexure I to the SEBI Circular no. 2023/123 dated July 13, 2023 that tax litigations / disputes including tax penalties are required to be disclosed under sub-para (8) of Para B based on application of criteria for materiality. Further, in order to streamline such disclosures, the Committee recommends disclosure of tax litigations or disputes, if material, in the following manner:

a. Disclosure of new tax litigations or disputes within 24 hours.
b. Quarterly updates, as part of the Integrated Filing (Governance), on existing tax litigations or disputes.
c. Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.

The format for disclosure in the Integrated Filing (Governance) is given below:

S. No.	Name of the opposing party	Date of initiation of the litigation / dispute	Status of the litigation / dispute as per last disclosure	Current status of the litigation / dispute

17.2. **Public comments and analysis:**

17.2.1. The aforesaid recommendation was placed as proposal 29 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

17.2.2. **Proposal 29 -** Clarification to be provided in Annexure I to SEBI Circular no. 2023/123 dated July 13, 2023 that tax litigations / disputes including tax penalties need to be disclosed under Para B(8) of Part A of Schedule III of LODR based on application of criteria for materiality. Further, the tax litigations or disputes, if material, need to be disclosed in the following manner:

a. Disclosure of new tax litigations or disputes within 24 hours.
b. Quarterly updates on existing tax litigations or disputes as part of the Integrated Filing (Governance).
c. Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
17	3	7	5	1	1

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) Timelines for disclosure of new tax litigations or disputes should be increased to 72 hours in line with the proposed increase in timeline for disclosure of litigations or disputes where claims are made against the listed entity.

b) Quarterly update on existing tax litigations or disputes should not be introduced. Alternatively, listed entities should be required to give updates on the ongoing material tax litigations or disputes within 72 hours of receipt of update.

c) Deletion of the phrase “with an opposing party” in the proposed revisions to the clause may be reconsidered as it may result in cumulating of several non-material litigations with different parties. For non-tax matters, the language on “opposing party” may be retained and for tax matters the disclosure may be as per the explanation provided in the proposed amendment.

(iii) Analysis of the suggestions / comments received is given below:

a) While a listed entity may need additional time to assess materiality of the claims in case of other litigations or disputes, the amount of tax payable assessed by the tax authorities should be taken as the value for determining materiality of the tax litigation. Hence, the timeline for disclosure where claims are made against the listed entity should be extended from 24 hours to 72 hours, from the receipt of notice by the listed entity, for litigations or disputes other than tax litigations or disputes. The same may be clarified in the regulations.

b) Quarterly update provides a relaxation for the listed entities to provide updates on material tax litigations on a quarterly basis rather than immediately. The provision will enhance ease of compliance by the listed entities.

c) In order to ensure consistency between tax and non-tax matters, the phrase ‘with an opposing party’ is proposed to be deleted. This will ensure that the litigations are cumulated on the basis of correlation of outcome. This is a more scientific way to cumulate the litigations for the purpose of determining materiality.

18. Disclosure of imposition of fine or penalty

18.1. **Recommendations of the Expert Committee:**

18.1.1. A monetary limit may be specified for immediate disclosure of imposition of penalty. A distinction may be made for penalties levied by sectoral regulators or enforcement agencies and those levied by other authorities.

18.1.2. A lower threshold of Rs. 10,000 may be specified for disclosure of the penalties levied by sectoral regulators or enforcement agencies within 24 hours. The list of sectoral regulators and enforcement agencies may be specified in the Industry Standards.

18.1.3. A higher threshold of Rs. 10 lacs may be specified for disclosure of the penalties levied by other authorities within 24 hours.

18.1.4. Penalties levied which are lower than the monetary thresholds specified above may be disclosed on a quarterly basis as part of the Integrated Filing (Governance), along with the details mentioned in sub-para (20) of Para A. The format for disclosure in the Integrated Filing (Governance) is given below:

S. No.	Name of the authority	Nature and details of the action(s) taken or order(s) passed	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	Details of the violation(s)/ contravention(s) committed or alleged to be committed	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible

18.2. **Rationale:**

18.2.1. Penalties levied by sectoral regulators or enforcement agencies pertain to the governance / functioning of the company which may be crucial for investors and hence, should have a lower threshold for immediate disclosure.

18.2.2. As per the data obtained from the stock exchanges for disclosures made by listed entities under sub-para 20 of Para A till February 29, 2024, penalty was levied by sectoral regulators in a total of 113 instances and by other authorities in a total of 201 instances.

18.2.3. A detailed analysis of the amount of penalties levied by sectoral regulators is tabulated below. A threshold of Rs. 10,000 shall ensure that most of the penalties levied by the sectoral regulators (~78%) shall get disclosed within 24 hours.

Amount of penalty levied (in Rs.)	>=15 lacs	>=10 lacs	>=5 lacs	>=1 lac	>=50, 000	>=10, 000
No. of instances	10	12	17	55	66	88
No. of instances as % of Total no. of instances (113)	9%	11%	15%	49%	58%	78%

18.2.4. A detailed analysis of amount of penalties levied by authorities other than sectoral regulators is tabulated below. A threshold of Rs. 10 lacs shall ensure that only the significant amount of penalties levied by the authorities other than the sectoral regulators (~26%) shall get disclosed within 24 hours.

Amount of penalty levied (in Rs.)	>=15 lacs	>=10 lacs	>=5 lacs	>=1 lac	>=50, 000	>=10, 000
No. of instances	26	53	78	114	129	176
No. of instances as % of Total no. of instances (201)	13%	26%	39%	57%	64%	88%

18.3. **Public comments and analysis:**

18.3.1. The aforesaid recommendation was placed as proposal 30 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

18.3.2. **Proposal 30 -** Monetary limit for disclosure of imposition of penalty under Para A(20) of Part A of Schedule III of LODR need to be specified in the following manner:

a. A lower threshold of Rs. 10,000 need to be specified for disclosure of penalties levied by sectoral regulators or enforcement agencies within 24 hours.
b. A higher threshold of Rs. 10 lacs need to be specified for disclosure of penalties levied by other authorities within 24 hours.
c. Penalties levied which are lower than the monetary thresholds specified above need to be disclosed on a quarterly basis as part of the Integrated Filing (Governance), along with the details mentioned in Para A(20) of Part A of Schedule III of LODR.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
23	**1**	**8**	**7**	**4**	**3**

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) The drafting in the proposed explanation may also cover ‘fine’ in addition to penalty.

b) The consumer-facing companies operating in highly regulated environment, undergo regular audits/ verifications/ inspections by the respective regulator which often result into certain insignificant fines/ penalties due to large customer base, volume of operations etc. Accordingly, the monetary threshold for disclosure of penalties levied by sectoral regulators or enforcement agencies may be increased to INR 10 lakh or a defined (low) percentage of the listed entity's consolidated turnover.

c) The monetary threshold for other statutory or judicial authorities (INR 10 lakh) may be considered to be lower of INR 10 lakh or a defined (low) percentage of the listed entity's consolidated turnover.

d) For public sector undertakings (PSUs), monetary limit for disclosure of imposition of penalty under should be increased since for many of the PSUs penalties levied by the regulator needs to be reported to their Board as well as to the respective Ministries. For minor non-compliances which do not have any significant impact on the investors it is not proper to highlight such issues as it tarnishes the image of PSU in the market and impact its performance.

e) Immediate disclosure of imposition of penalty may be avoided as many times Compliance Officer is not aware of the penalty levied on the Company. Further many a times it is not possible for the Compliance Officer to disclose the information immediately.

f) The requirement of disclosure of non-material fines and penalties (which are below the prescribed monetary thresholds) on a quarterly basis may be dispensed with. Alternatively, if strictly necessary, these disclosures may be made on an aggregate amount basis.

g) India follows a disclosure-based regime. The quantum of penalty should not be the criteria to decide disclosure. Penalty imposed on a company also reflects the track record of the company. Hence, all penalties imposed should be disclosed to Stock Exchanges within the same timelines.

(iii) Analysis of suggestions / comments received is given below:

a) The suggested drafting change may be accepted. The wording in the proposed explanation may be kept as 'imposition of fine or penalty' in order to ensure consistency with the existing requirement under sub-para (20) of Para A.

b) Penalties levied by sectoral regulators and enforcement agencies reflect upon the state of governance / functioning of the entity. Repeated penalties levied by the sectoral regulator may be an indication of poor governance / functioning of the entity and hence, should be disclosed. A low amount of Rs. 10,000 shall ensure that most of the penalties levied

by sectoral regulators and enforcement agencies are disclosed within 24 hours to enable investors to take informed decision. Additionally, the company will be under pressure to improve its governance / functioning.

c) The monetary threshold of Rs. 10 lacs for disclosure within 24 hours of penalties levied by authorities other than the sectoral regulators and enforcement agencies would reduce such disclosures by 26%. A penalty of Rs. 10 lacs or more is substantial, warranting disclosure for the benefit of investors.

d) Penalties levied against any listed entity, whether public sector or private sector, should be disclosed for the enabling the investors to take an informed investment decision. Disclosure of such penalties by PSUs to the board of directors and respective Ministries highlight the importance of such disclosures and hence, common investors should not be bereft of such information.

e) As per Annexure III of SEBI Circular no. 2023/123 dated July 13, 2023, the obligation to disclose arises when the listed entity becomes aware of the event / information or when an officer of the entity has or ought to have reasonably come into possession of the information. Hence, the apprehension in the comment that Compliance Officer may not be aware of the penalty levied on the Company is already tended to.

f) Regulation 17(3) of LODR mandates the board of directors to periodically review compliance reports pertaining to all laws applicable to the listed entity. Quarterly disclosure of penalties would enable review by investors as well to assess the level of compliance by the listed entity with the applicable laws.

g) While disclosures of all penalties levied on the listed entity is desirable, immediate disclosure of even low amount of penalties may lead to information overload for investors. Hence, penalties below the proposed thresholds are proposed to be disclosed quarterly. This will also reduce the burden of compliance for the listed entities.

19. Clarification with respect to disclosure of material events specified under Schedule III of LODR Regulations

19.1. **Recommendations of the Expert Committee and rationale:** The following clarification may be given for events specified under Schedule III of LODR:

19.1.1. The types of fund raising required to be disclosed as outcome of board meeting under sub-para (4) of Para A, may be aligned with Regulation 29 for prior intimation for board meetings. Thus, it may be clarified that disclosure is required only for such type of fund-raising proposals that involve issue of securities. This would exclude borrowings / short-term borrowings which do not involve issuance of any securities.

19.1.2. The Committee noted that sub-para (6) of Para A specifies that the term 'fraud' includes fraud as defined under SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. The Committee recommends to clarify that fraud by senior management, other than those who is a promoter, director or KMP, should be disclosed under sub-para (6) of Para A only if it is in relation to the listed entity.

19.1.3. The Committee noted that SEBI on November 27, 2020 had issued Frequently Asked Questions (FAQ) on 'Disclosure of Information Related to Forensic Audit of Listed Entities'. The FAQ includes the types of forensic audit which are required to be disclosed under sub-para (17) of Para A. The Committee recommends that the same may be specified in the LODR Regulations for ample clarity.

19.2. **Public comments and analysis:**

19.2.1. The aforesaid recommendation was placed as proposal 31 to 33 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

19.2.2. **Proposal 31 -** The types of fund raising which are required to be disclosed as outcome of board meeting under Para A(4) of Part A of Schedule III of LODR, need to be aligned with Regulation 29 for prior intimation for board meetings.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	4	7	0	1	0

(ii) The commenters are mainly in agreement with the proposal except for one dissent without providing any rationale.

19.2.3. **Proposal 32 -** Fraud by senior management under Para A(6) of Part A of Schedule III of LODR need to be disclosed only if it is in relation to the listed entity.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	3	6	2	2	2

(ii) Suggestions / comments received relating to the proposal are briefed below:

a) In addition to senior management, fraud by promoters, directors and KMPs may also be disclosed only if it is in relation to the listed entity.

b) Frauds indicate character issue and hence must be disclosed irrespective whether they pertain to listed entity or not. Also, association of such senior management with the company may impact

adversely on the reputation of the company. Prompt disclosure may also help other companies while recruiting him/ her in their company.

(iii) Analysis of the suggestions / comments received is given below:

c) Fraud by promoters, directors and KMPs, even if not in relation to the listed entity, raises credibility issues on such persons who are controlling / directing / managing the company. Senior management are usually in charge of managing a particular function of the listed entity. Hence, disclosure of fraud by senior management is being limited only to those in relation to the listed entity.

d) While disclosure of fraud is desirable even if it is not in relation to the listed entity, disclosure of fraud by senior management is being limited to those in related to the listed entity for ease of compliance by the listed entities. Continuation of such person in the company or recruitment by another company is at the discretion and due diligence of the company.

19.2.4. **Proposal 33 -** FAQ on the types of forensic audit which are required to be disclosed under Para A(17) of Part A of Schedule III of LODR need to be specified in the LODR Regulations for ample clarity.

(i) A summary of the public comments relating to the proposal is given below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	5	5	1	1	0

(ii) The commenters are mainly in agreement with the proposal except for one dissent without providing any rationale.

20. Relaxation from certain compliance requirements for companies coming out of the IBC Framework

20.1. **Recommendations of the Expert Committee:** Additional time (from the date of approval of resolution plan by NCLT) to be provided to companies coming out of Corporate Insolvency Resolution Process (CIRP) for the following compliance requirements:

(i) Key Managerial Personnel: 3 months' time to fill up vacant positions of Key Managerial Personnel (KMP) provided the listed entity has at least one full-time KMP;

(ii) Board and Committee composition: 3 months' time to comply with corporate governance provisions relating to board and committee composition as required under regulations 17 to 21 of the LODR Regulations;

(iii) Disclosure of financial results: Additional time of 45 days (60 days for annual results) for disclosure of financial results for the quarter in which the resolution plan is approved.

20.2. **Rationale:** The moratorium declared under section 14 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") lapses upon approval of the resolution plan by NCLT. Therefore, a listed entity has to ensure compliance with all applicable provisions of the LODR Regulations from the very next day failing which it is liable for penal action by Stock Exchanges. The aforesaid recommendation is to provide reasonable time for such companies to ensure compliance.

20.3. **Public comments and analysis:**

20.3.1. The aforesaid recommendation was placed as proposals 34 to 36 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

20.3.2. **Proposal 34**: For companies coming out of corporate insolvency resolution process (CIRP), 3 months' time from the date of approval of resolution plan by NCLT need to be provided for filling up the vacancy of key managerial personnel subject to having at least one full-time key managerial personnel.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	5	6	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The additional time may be granted from the date of acquisition of control and management of the company by the resolution applicants pursuant to the implementation of a resolution plan approved by the NCLT under the IBC.

b) A timeline of six months be considered instead of three months as suggested.

(iii) Analysis of the suggestions / comments received is given below:

a) The Committee has taken a balanced view in providing reasonable time to listed entities for compliance while simultaneously protecting the interest of investors. The fact that the obligation to ensure compliance starts immediately after approval of the resolution plan cannot be ignored.

b) The timeline of 3 months appears reasonable for the reasons mentioned above.

20.3.3. **Proposal 35**: For companies coming out of corporate insolvency resolution process (CIRP), 3 months' time from the date of approval of resolution plan by

NCLT need to be provided to have required composition of the board of directors and its committees.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	4	5	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The additional time may be granted from the date of acquisition of control and management of the company by the resolution applicant/s pursuant to the implementation of a resolution plan approved by the NCLT under the IBC.

b) A timeline of six months be considered instead of three months as suggested.

(iii) Analysis of the suggestions / comments received is given below:

a) The Committee has taken a balanced view in providing reasonable time to listed entities for compliance while simultaneously protecting the interest of investors. The fact that the obligation to ensure compliance starts immediately after approval of resolution plan cannot be ignored.

b) The timeline of 3 months appears reasonable for reasons mentioned above.

20.3.4. **Proposal 36:** For companies coming out of corporate insolvency resolution process (CIRP), additional time of 45 days (or 60 days for annual results) need to be provided for disclosure of financial results for the quarter in which the resolution plan is approved by NCLT.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	3	7	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The additional time may be granted from the date of acquisition of control and management of the company by the resolution applicant/s pursuant to the implementation of a resolution plan approved by the NCLT under the IBC.

(iii) Analysis of the suggestions / comments received is given below:

a) Availability of updated information on financials of the listed entity is crucial for both existing investors and prospective investors to take an informed decision about investment in the company. Therefore, the timeline proposed by the Committee appears reasonable.

21. Subsidiary related compliance requirements

21.1. **Recommendations of the Expert Committee:** The requirements specified in regulation 24(6) of the LODR (approval of shareholders of the listed entity) for sale of assets of a material subsidiary of the listed entity shall not be applicable if such a sale is to another wholly-owned subsidiary of the listed entity.

21.2. **Rationale:** Transfer of assets between two wholly-owned subsidiaries results in change of ownership of the asset at a subsidiary level without any change at the consolidated level as both the entities are exclusively owned by the listed entity.

21.3. **Public comments and analysis:**

21.3.1. The aforesaid recommendation was placed as proposal 37 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

21.3.2. **Proposal 37**: Approval of shareholders under regulation 24(6) of LODR need not be required for sale, disposal or lease of assets of material subsidiary, if such a transaction is between two wholly-owned subsidiaries of the listed entity.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
11	6	4	1	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The same may also be exempted under Regulation 30 from the disclosure requirements of acquisition, due to the fact that such transfers result in change of ownership of the asset at a subsidiary level without any change at the consolidated level as both the entities are exclusively owned by the listed entity.

(iii) Analysis of the suggestions / comments received is given below:

a) It would not be appropriate to compare disclosure requirements with approval requirements. Therefore, the obligation to disclose acquisition or disposal under regulation 30 read with schedule III would remain independent of the proposed exemption under regulation 24(6) of the LODR.

22. Record Date

22.1. **Recommendations of the Expert Committee:** The Committee's recommendations were as follows:

(i) The gap between intimation and the record date may be reduced to 3 working days for all events except for scheme of arrangements involving mergers, demergers or amalgamations etc.

(ii) The phrase "cash bonus" may be deleted from regulation 42(3) of LODR as it is redundant and no longer relevant.

(iii) The gap between two record dates may be reduced to 5 working days as physical shares, which require book closure, are negligible in the market ecosystem. Further, the requirement of 30 days' gap between two book closures may be omitted as transfer of shares in physical mode is no longer permitted and therefore, the provision is redundant.

22.2. **Rationale:** The markets have matured and information disseminated by listed entities is absorbed quickly by investors. Further, for the purpose of rights issue, the gap is already 3 working days which may be ideal for all types of events. However, scheme of arrangement involving mergers or demergers may have an impact on the index constitution and therefore, the Exchange and market participants may require additional time for necessary adjustments.

22.3. **Public comments and analysis:**

22.3.1. The aforesaid recommendation was placed as proposals 38 to 40 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

22.3.2. **Proposal 38**: The gap between intimation and the record date need to be reduced to 3 working days for all events specified in regulation 42(1) except for corporate actions through scheme of arrangements involving mergers, demergers or amalgamations etc.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	6	7	0	0	0

(ii) All the commenters have agreed with the proposal.

22.3.3. **Proposal 39:** The phrase "cash bonus" needs to be deleted from regulation 42(3) of LODR as it is redundant and no longer relevant.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	7	6	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) There are references to “cash bonus” in other provisions of LODR as well. The same may also be deleted.

(iii) Analysis of the suggestions / comments received is given below:

a) Accepted. Necessary changes have been carried out in the proposed amendments to the regulations.

22.3.4. **Proposal 40:** The gap between two record dates need to be reduced to 5 working days as physical shares, which require book closure, are negligible in the market ecosystem. Further, the requirement of 30 days gap between two book closures need to be omitted as transfer of shares in physical mode is no longer permitted and therefore, the provision is redundant.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	6	7	0	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) Regulation 42(5) states that “for securities held in physical form, the listed entity may, announce dates of closure of its transfer books in place of record date for complying with requirements as specified in sub-regulations (1) to (4): Provided that the listed entity shall ensure that there is a time gap of at least thirty days between two dates of closure of its transfer books. The same should be omitted as physical transfer of shares is not permitted by SEBI.

(iii) Analysis of the suggestions / comments received is given below:

a) Accepted. Necessary changes have been carried out in the proposed amendments to the regulations.

23. Schemes involving reduction of capital on account of writing off accumulated losses

23.1. **Recommendations of the Expert Committee:** It is recommended to do away with the requirement of obtaining no-objection letter of Stock Exchanges for those draft schemes that provide for writing off the accumulated losses against share capital of the company or against the reserves, subject to the condition that such capital reduction shall be uniformly applicable to all shareholders on pro rata basis (and not selective reduction). The draft scheme shall be filed with Stock Exchanges for disclosure purposes.

23.2. **Rationale:** Scheme of capital reduction which is purely in the nature of writing off the accumulated losses against the share capital of the company applies to all the

shareholders on pro rata basis (and not selective reduction) or against the reserves available with the company. Such a scheme will not have any adverse impact on the existing shareholders and their rights will remain unaffected pre and post scheme.

23.3. **Public comments and analysis:**

23.3.1. The aforesaid recommendation was placed as proposal 41 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

23.3.2. **Proposal 41**: The requirement of obtaining no-objection letter from stock exchanges for draft schemes involving writing off accumulated losses against share capital of the company (applied uniformly to all categories of shareholders) or against the reserves of the company need to be done away with. Such draft schemes need to be filed with stock exchanges only for disclosure purposes.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	5	5	0	0	0

(ii) All the commenters have agreed to the proposal and no adverse comments have been received.

24. Analyst or institutional investor meet

24.1. **Recommendations of the Expert Committee:** The Committee's recommendations were as follows:

(i) The requirement to disclose the schedule of analysts or institutional investors meet may be retained with a clarification that it is optional to disclose the names of analysts / institutional investors whom the listed entity is going to meet.

(ii) Presentations prepared by a listed entity for analyst or institutional investors meet or post-earnings / quarterly calls to be disclosed to stock exchanges before the start of such events.

(iii) The audio recordings of post-earnings / quarterly calls shall be uploaded within the existing timelines and video recordings, if any, may be uploaded within 48 hours from the conclusion of such calls.

(iv) The audio / video recordings of post earnings call or quarterly calls shall be hosted on the website of listed entity for a minimum period of two years and thereafter shall be maintained by the listed entity as per its preservation policy (framed in terms of Regulation 9(b) of LODR Regulations).

(v) The transcript of such calls shall be hosted on the website of the listed entity for a period of 5 years and thereafter preserved by the listed entity as per its preservation policy framed under Regulation 9(b) of LODR Regulations.

24.2. **Rationale:** The ultimate objective of the existing provision is to ensure that there is no information asymmetry between different sets of investors. Therefore, any presentation prepared by the listed entity for such events to be disclosed to the Stock Exchanges in advance. Further, disclosing the names of analyst / institutional investors may be optional for the listed entity for reasons mentioned above.

Additional time is being provided to listed entities to upload video recordings of quarterly earnings calls due to practical issues mentioned by stakeholders in getting the recordings from third party agencies within the specified timeline. Further, audio / video recordings occupy storage space on a listed entity's website and it is noted that retaining the recordings for a longer period of time consumes unnecessary space without commensurate benefits.

24.3. **Public comments and analysis:**

24.3.1. The aforesaid recommendation was placed as proposals 42 to 45 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

24.3.2. **Proposal 42**: In the prior intimation for analyst or institutional investor meet, disclosure of names of analysts or institutional investors needs to be optional.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
14	5	4	4	1	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) Disclosure of names of analysts or institutional investors in the schedule of analyst or institutional investor meet should not be made optional.

b) In addition to the recommendations, the definition of "meet" in LODR should exclude, group meetings which are not organised by the Company. Currently any meeting with more than 1 investor (even though not a quarterly call organised by the company) is considered as a group meeting and requires more than 2 days gap for disclosure. Group meetings organised by brokers and quarterly group meetings or call organised by companies should be distinguished.

c) It is suggested that the Explanation appearing in regulation 46(2) of the LODR may kindly be retained.

(iii) Analysis of the suggestions / comments received is given below:

a) The objective of the existing provision is to ensure symmetry of information between different sets of investors. Therefore, the

Committee recommended that disclosure of names may be optional for listed entities.

b) As mentioned above, the objective is to ensure availability and symmetry of information. Therefore, the organizer of the meeting does not matter for the purpose of compliance with the said provision.

c) Accepted. Necessary changes have been carried out in the proposed amendments to the regulations.

24.3.3. **Proposal 43**: Presentations prepared by a listed entity for analyst or institutional investors meet or post-earnings / quarterly calls need to be disclosed to Stock Exchanges before the beginning of such events.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
15	6	4	4	0	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) Disclosure of presentations prepared by a listed entity for analyst or institutional investors meet or post-earnings / quarterly calls to Stock Exchanges before the beginning of such events should not be allowed as it will not add any value and may result in select few trading on the basis of the presentation.

b) Presentations prepared by a listed entity for analyst or institutional investors meet or post-earnings / quarterly calls to be disclosed to Stock Exchanges before the beginning or simultaneously at the time of such events.

c) Presentations made by the listed entity to analysts or institutional investors shall be intimated to Stock Exchange as an outcome of the meeting within 24 hours from the conclusion. The presentation shall be uploaded as Outcome of meeting as there may be instances of change/ addition in presentation made.

d) Filing of presentation should be made optional on the part of Company.

(iii) Analysis of the suggestions / comments received is given below:

a) Uploading presentations before the beginning of such events ensures availability of information to a larger universe of investors.

b) The term ‘simultaneously’ may create confusion as to whether the presentations have to be disclosed at the beginning or during or towards the end of the meeting. Making presentations available to all

investors before the listed entity meets few investors ensures wider availability of relevant information.

c) Uploading presentations after 24 hours defeats the very purpose of these regulations. Updates, if any, can be provided by the listed entity after the meeting.

d) Filing of presentations cannot be made optional for reasons discussed above.

24.3.4. **Proposal 44**: Video recordings of post-earnings / quarterly calls need to be uploaded within 48 hours from the conclusion of such calls.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	5	4	4	0	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) The audio recordings of post-earnings / quarterly calls shall be uploaded within 48 hours from the conclusion of such calls.

(iii) Analysis of the suggestions / comments received is given below:

a) No specific rationale has been provided for seeking additional time to upload audio recordings. If audio recordings are also not made available within the next trading day, investors will be left without any update about the earnings calls (video recordings are uploaded within 48 hours and transcripts within 5 working days of conclusion of the call).

24.3.5. **Proposal 45**: Audio / video recordings need to be available on website for 2 years instead of 5 years (to be preserved by company for 8 years) and transcripts to be available on the website for 5 years (to be preserved by the company for 8 years).

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
14	6	4	4	0	0

(ii) No adverse comments have been received against this proposal.

25. Annual Reports

25.1. **Recommendations of the Expert Committee:** The Committee's recommendations were as follows:

(i) Listed entities may be permitted to send a letter to those shareholders whose email address is not available, intimating the weblink, including the exact path, from which he / she can access full soft copy of the annual report.
(ii) The timeline for dispatch of Annual Reports specified in regulation 36(2) of the LODR may be omitted.
(iii) AGM notice along with the Annual Report needs to be submitted to the Stock Exchange on or before commencement of dispatch to the shareholders.

25.2. **Rationale:**

(i) To facilitate 'Go green' and sustainability initiatives of a listed entity.
(ii) Annual Reports are dispatched along with the AGM notice for which the timeline is specified in the Companies Act, 2013.
(iii) To ensure that information is available to all shareholders and investors in advance.

25.3. **Public comments and analysis:**

25.3.1. The aforesaid recommendation was placed as proposals 46 & 47 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

25.3.2. **Proposal 46**: To do away with the requirement of sending physical copies of abridged Annual Report to shareholders whose email id is not available. Instead a letter to be sent to such shareholders indicating the link from which the annual report can be downloaded.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
20	4	12	2	1	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) The current provision of dispatching the hard copy of the annual report is to be done away with completely resulting in an Eco-friendly measure and will reduce the cost burden to the Company. Company should be exempt from sending letter also to Shareholders whose email address is not available.

b) The provision for sending hard copy of Annual Report should be omitted.

c) Regulation 36(1)(c) states that 'Hard copies of full annual reports to those shareholders, who request for the same'. The word 'reports' shall be changed to 'report', the alphabet 's' to be omitted.

d) It should not be assumed that every individual is tech savvy. Also, to access the link from physical copy of letter is practically difficult even for an individual who is tech savvy. There are still a few shareholders who prefer physical copy of the annual report.

(iii) Analysis of the suggestions / comments received is given below:

a) Till the time listed entities get their shareholders to update their email address, there is a need to convey information about the AGM and availability of Annual Report to shareholders through alternative means. The Committee's recommendation balances the need for availability of information while easing the burden of printing and dispatching voluminous documents to all those shareholders whose email address is not available with the listed entity.

b) Some shareholders may be comfortable reading physical copies of the annual report. Further, the shareholder is entitled to request the listed entity to provide him hard copy of the annual report.

c) Accepted. Necessary changes carried out in the proposed amendments to the LODR Regulations.

d) The option to request physical copy of the annual report would still be available to the shareholders.

25.3.3. **Proposal 47**: The timeline for dispatch of Annual Reports by the listed entity (not less than 21 days before the annual general meeting) under regulation 36(2) of the LODR needs to be omitted. Annual Report needs to be submitted to the Stock Exchange on or before commencement of its dispatch to the shareholders.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	4	6	1	1	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) It is suggested to retain the requirement of dispatch of Annual Reports at least 21 days before the Annual General Meeting (AGM) as per Regulation 36(2) of the LODR so as to align the same with the provisions of the Companies Act, 2013. Submitting the Annual Report to the Stock Exchange on or before commencement of dispatch is a separate requirement, which can be maintained concurrently with the 21-day timeline.

(iii) Analysis of the suggestions / comments received is given below:

a) The aforesaid comment appears to be as a result of mixing up two different recommendations of the Expert Committee. Companies have to follow the timeline specified in the Companies Act, 2013 for dispatch of notice and other documents for the AGM. Therefore, the Committee recommended deletion of the timeline in the LODR. Disclosure of the Annual Report to Stock Exchanges before commencement of dispatch

eliminates the possibility of delay in receipt or non-receipt of such information by some shareholders.

26. Virtual and hybrid shareholder meetings

26.1. **Recommendations of the Expert Committee:** The requirement to send proxy forms to holders of securities in terms of regulation 44(4) for general meetings held only through VC / OAVM may be dispensed with.

26.2. **Rationale:** Proxy option enables shareholders to nominate his / her representative(s) to physically attend a general meeting in their absence. However, for meetings held only through VC / OAVM mode, it is redundant to provide proxy option to shareholders as shareholders themselves can attend the meeting virtually.

26.3. **Public comments and analysis:**

26.3.1. The aforesaid recommendation was placed as proposal 48 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

26.3.2. **Proposal 48**: The requirement to send proxy forms for general meetings held virtually need to be dispensed with.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
16	5	9	1	1	0

(ii) No specific comments or suggestions have been received on this proposal.

27. Diversity in the institution of IDs, meetings of IDs and Risk Management

27.1. **Recommendations of the Expert Committee:** The Committee recommended the following measures to strengthen corporate governance at listed entities but as discretionary compliance requirements (except where specific compliance is already mandatory):

(i) Encourage top 2000 listed entities to have at least 1 women independent director, constitute a risk management committee (RMC) with the composition, roles and responsibilities as specified in regulation 21 of the LODR and strive to have more than the mandatory yearly meeting of IDs.

27.2. **Rationale:** In the interest of good corporate governance and diversity in the institution of independent directors.

27.3. **Public comments and analysis:**

27.3.1. The aforesaid recommendation was placed as proposals 49 & 50 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

27.3.2. **Proposal 49**: Encourage top 2000 companies to have one woman independent director and constitute a risk management committee (right now only top 1000 listed entities).

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	4	7	1	1	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) It is suggested to have at least 1 woman independent director apart from 1 woman director on Board in order to have diversity in the institution of Independent Directors.

b) It is time that Indian Boards move to 2 women Directors, at least one of whom is an ID. Also, top 2000 companies should be encouraged to have more than 1 woman ID on Board.

c) RMC should be extended to top 2000 companies.

(iii) Analysis of the suggestions / comments received is given below:

a) Listed entities can voluntarily have 1 women ID, in addition to the woman director, to have diversity in the institution of IDs and the board.

b) Listed entities can voluntarily have more than one women director on their boards.

c) Having a RMC may be kept voluntary at this stage for entities ranked 1001 to 2000 as per market capitalization.

27.3.3. **Proposal 50**: Encouraging top 2000 companies to have more than the mandatory annual meeting of independent directors without the presence of non-independent directors and the management.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
11	4	4	1	2	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) It is suggested that independent directors should meet quarterly once.

b) At least 2 separate meetings of IDs should be mandated.

(iii) Analysis of the suggestions / comments received is given below:

a) As the focus is on facilitating ease of doing business, the provision has been kept voluntary at this stage. However, listed entities on their own can conduct more frequent meetings of IDs.

28. Strengthening the position of Compliance Officer

28.1. **Recommendations of the Expert Committee:** Compliance Officer shall be an officer, who is in whole time employment, not more than one level below the board of directors of the listed entity and shall be designated as a "Key Managerial Personnel".

28.2. **Rationale:** To strengthen the position of the Compliance Officer commensurate with the responsibilities cast upon him / her and to effectively discharge statutory duties and responsibilities.

28.3. **Public comments and analysis:**

28.3.1. The aforesaid recommendation was placed as proposal 51 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

28.3.2. **Proposal 51**: Compliance Officer needs to be designated as key managerial personnel and to be a whole-time employee not more than one level below the board of directors.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
13	6	4	2	1	0

(ii) Suggestions / comments received on the proposal are summarized below:

a) SEBI may consider clarifying that the Compliance Officer may directly report to the Managing Director or CEO (as relevant) to actually strengthen their position. It is proposed to further amend the language to mandate that the Compliance Officer reports to the Managing Director or any of the Whole Time Directors forming part of the board of the listed entity.

b) In large entities or banks, it would be difficult to comply with the provisions as the designation and reporting hierarchy is different and vary from entity to entity. To designate the officer who is one level below BOD as KMP will create difficulties in implementation and will raise operational issues. Accordingly, instead of putting the one level below to Board of Directors, the Compliance Officer shall be an officer, who is in whole time employment, in senior level of management of the listed entity and shall be designated as a "Key Managerial Personnel".

The senior level of management to be defined by the listed entity in a policy directive.

c) The word a Company Secretary denotes to the Company Secretary of the Company whereas some company purposely appoint compliance officer other than a person holding position of Company Secretary to distribute the workload for specific attention to timely compliance.

(iii) Analysis of the suggestions / comments received is given below:

a) The objective is to empower Compliance Officers to perform their duties and discharge their responsibilities effectively. Some companies do have the practice of having Compliance Officer report to the Managing Director / CEO. However, it is for the listed entity to decide the reporting structure of its KMPs and senior management while ensuring compliance with the regulatory requirements.

b) The feedback received by the Committee was that Compliance Officers are not adequately empowered to discharge their responsibilities. Therefore, the Committee recommended to strengthen the position of Compliance Officers. It may be noted that regulations need to be sector and company agnostic. It is for the listed entity to put in place appropriate reporting structures to ensure compliance with the regulatory provisions.

c) The proposal does not compel listed entities to ensure the 'Compliance Officer' to be the 'Company Secretary'. However, it is understood that most companies have the same person as 'Company Secretary' and 'Compliance Officer'. However, in order to avoid confusion, the proposal to delete the word "qualified" from reg. 6(1) is being dropped.

29. Secretarial Auditor

29.1. **Recommendations of the Expert Committee:** The Committee's recommendations were as follows:

(i) Provisions relating to appointment, reappointment of secretarial auditors in line with provisions for appointment, re-appointment of statutory auditors prescribed under section 139 (1) and (2) of Companies Act, 2013 to be inserted in LODR Regulations. An individual may be appointed for a term of 5 years and a firm may be appointed for a maximum of 2 terms of 5 years each subject to approval of shareholders in a general meeting. The notice to the shareholders for appointment of secretarial auditor shall also include the details required under regulation 36(5).

(ii) Provisions relating to eligibility (shall be a peer reviewed company secretary) and disqualifications (where there is conflict of interest) may also be prescribed in the LODR Regulations.

(iii) A cooling-off period of 5 years may be prescribed for re-appointment of an individual as a secretarial auditor and for re-appointment of a secretarial audit firm after two consecutive terms.

(iv) Provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity may be inserted in the LODR Regulations.

(v) From April 1, 2025, appointment, re-appointment or continuation of secretarial auditors of listed entities shall be in compliance with the aforesaid provisions. Further, with effect from April 1, 2025, the Secretarial Compliance Report submitted by a listed entity to be signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the aforesaid requirements.

29.2. **Rationale:** In a disclosure-based regime, secretarial audit and secretarial compliance report play a vital role in a post-facto audit of disclosures and compliance by a listed entity. Therefore, there is a need to prescribe conditions relating to eligibility, appointment, re-appointment of persons involved in such audit. Further, there is a need to prevent conflict of interest so as to ensure that the audit results in enhancing the standards of governance at listed entities.

29.3. **Public comments and analysis:**

29.3.1. The aforesaid recommendation was placed as proposals 52 to 56 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

29.3.2. **Proposal 52**: In line with the provisions for appointment, re-appointment of statutory auditors prescribed under section 139(1) and 139(2) of Companies Act, 2013, an individual may be appointed as secretarial auditor for a term of 5 years and a firm may be appointed as secretarial auditor for a maximum of 2 terms of 5 years each subject to approval of shareholders in a general meeting.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	7	2	2	0	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) It is a welcome move. However, Secretarial auditors' appointment, remuneration and removal need not be brought before shareholders for approval. This will be in sync with the Companies Act requirements.

b) While other provisions are fine, the recommendation to have shareholder approval for a secretarial audit which is essentially compliance audit appears to be an over-reach. There are several compliance audits that regulated entities are subject to and none require shareholder approval. The process will get unnecessarily elongated and may not be value adding.

(iii) Analysis of the suggestions / comments received is given below:

a) The LODR Regulations can always prescribe additional requirements to be complied by a listed entity over and above the provisions of

Companies Act, 2013. The aforesaid recommendation is in the interest of good corporate governance and to provide security of tenure for secretarial auditors to carry out independent and impartial audit of secretarial records of listed entities.

b) The proposal is to have shareholder approval only for appointment, re-appointment or removal of the secretarial auditor and not for the secretarial audit or the audit report per se.

29.3.3. **Proposal 53**: Provisions relating to eligibility (shall be a peer reviewed company secretary) and disqualifications (where there is conflict of interest) need to be prescribed in the LODR Regulations.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	5	3	3	0	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) The number of eligible PCS for the said activity is quite less in number commensurate with the needs of the listed companies

(iii) Analysis of the suggestions / comments received is given below:

a) It is noted from the discussions with ICSI that there are enough PCS to provide secretarial audit and secretarial compliance services for listed entities. It is also noted that peer review certificate is already mandatory for secretarial audit of listed entities as per ICSI's guidelines.

29.3.4. **Proposal 54**: A cooling-off period of 5 years need to be prescribed for re-appointment of an individual or firm after completion of its term(s).

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	6	2	2	1	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) It is suggested to restrict it to 3 years.

(iii) Analysis of the suggestions / comments received is given below:

a) As the overall objective has been to align the provisions relating to appointment, reappointment of secretarial auditor with that of statutory auditor as specified in the Companies Act, 2013, the cooling off period is proposed to be retained at 5 years.

29.3.5. **Proposal 55**: Provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity need to be inserted in the LODR Regulations.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	6	3	2	0	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) Inserting provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity is essential and must be included in the LODR Regulations. This ensures transparency, accountability, and shareholder oversight in the removal process, aligning with good governance practices.

b) As per the provision of Section 179(3) of the Companies Act, 2013 read with Rule 8 of Companies (Meeting of Board and its Powers) Rules, 2014 power to appoint a secretarial auditor has been given expressly to the Board of Directors of the company. Thus, it will against the spirit of Companies Act, 2013.

(iii) Analysis of the suggestions / comments received is given below:

a) The commenter has agreed with the Committee's recommendation.

b) The LODR Regulations can always prescribe additional requirements to be complied by a listed entity over and above the provisions of Companies Act, 2013. The aforesaid recommendation is in the interest of good corporate governance and to provide security of tenure for secretarial auditors to carry out independent and impartial audit of secretarial records of listed entities.

29.3.6. **Proposal 56**: Appointment, re-appointment or continuation of secretarial auditors of listed entities needs to be in compliance with the proposed provisions under para 31.3 of the Report from April 1, 2025. The Secretarial Compliance Report submitted by a listed entity needs to be signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the proposed requirements under para 31.3 of the Report from April 1, 2025.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
12	5	3	3	0	1

(ii) No specific comments have been received on this proposal.

30. Pre-listing compensation or profit-sharing agreements

30.1. **Recommendations of the Expert Committee:** Any compensation or profit-sharing agreement that survives post-listing needs to be ratified by the shareholders in the first general meeting held after listing. However, if such agreements are terminated upon listing and compensation or profit sharing is limited to events prior to listing or

listing itself, then the same may be exempt from the requirements of regulation 26(6) of the LODR.

30.2. **Rationale:** Any agreement that benefits a set of shareholders differently needs to be agreed upon by shareholders upon listing.

30.3. **Public comments and analysis:**

30.3.1. The aforesaid recommendation was placed as proposal 57 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

30.3.2. **Proposal 57**: Any pre-listing compensation or profit sharing agreement that subsists after listing would require ratification of shareholders in the first general meeting held after listing.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	4	4	2	0	0

(ii) No adverse comments or suggestions have been received against this proposal.

31. Additional information to be disclosed on website

31.1. **Recommendations of the Expert Committee:** The Committee recommended disclosure of the following additional documents / information on the website of a listed entity:

(i) Articles of Association
(ii) Memorandum of Association
(iii) Brief profile of all Board of Directors (Including Directorship & Full-Time positions held in other body corporates)
(iv) Employee benefit scheme documents (e.g. ESOP, ESPS, SAR, etc.) framed in terms of SBEB Regulations.

31.2. **Rationale:** While the law presently covers a detailed list of disclosures, certain additional disclosures have been included to boost further transparency and informed decision-making by shareholders**.**

31.3. **Public comments and analysis:**

31.3.1. The aforesaid recommendation was placed as proposal 58 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

31.3.2. **Proposal 58**: Article of Association, Memorandum of Association, Brief profile of board of directors and Employee benefits related scheme documents need to be disclosed on the website of a listed entity.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
16	3	4	5	3	1

(ii) Suggestions / comments received on the proposal are summarized below:

a) Many of the ESOP, ESPS, SAR schemes of listed entities are confidential and internal to the organization. The SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 requires the listed entity to make various disclosures in the Directors Report inter alia including vesting requirements, exercise price, method used to account for the stock options, stock options granted, vested, lapsed, etc. during the year and source of shares. Hence, the disclosure requirement, in this regard, may be dispensed with.

b) The documents related to employee benefits contains information related to future operations/performance of the Company which may not be accurate, so we feel it's not appropriate to provide Employee benefits related scheme documents to general public.

c) The requirement to disclose employee benefit related scheme documents under this clause may be omitted. If this may not be feasible, companies may be permitted to redact clauses/matters which they consider competitive or confidential in nature on employee benefit related scheme documents.

d) It may impact the business of the companies in case such schemes contain sensitive information such as specific performance parameters, business targets etc., which the competitors should not know and may be this information is price sensitive.

(iii) Analysis of the suggestions / comments received is given below:

a) Considering the suggestions received, listed entities may be permitted to redact confidential information in employee benefit scheme documents which, if disclosed, may impact competitive position or reveal commercial secrets of the listed entity. However, such redaction shall be approved by the Board of directors of the listed entity.

32. Drafting changes to certain provisions of the LODR and related circulars

32.1. **Recommendations of the Expert Committee:** Based on the suggestions received and discussions, the Committee recommended drafting changes to certain provisions of the LODR and circulars issued thereunder. The recommendations are summarized below:

(i) Omission of definition of half-year, disclosure of details of material RPTs in the quarterly corporate governance, references to transfer of shares in physical form under regulation 40 of LODR, and redundant disclosures in the annual report.

(ii) Clarification on cessation of applicability of corporate governance provisions, prior approval of shareholders for appointment or re-appointment of non-executive director crossing 75 years of age, applicability of regulation 17(1D) of LODR, gap between 2 consecutive meetings of the Board of Directors and its Committees, disclosure of details of agreements under regulation 30A of LODR, and group governance unit.

(iii) Recommendations of the Board of Directors to the shareholders to specifically include rationale of the Board.

32.2. **Public comments and analysis:**

32.2.1. The aforesaid recommendation was placed as proposal 59 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

32.2.2. **Proposal 59**: Following drafting changes to certain provisions of the LODR regulations and related circulars:

a) Omission of definition of half-year, disclosure of details of material RPTs in the quarterly corporate governance, references to transfer of shares in physical form under regulation 40 of LODR, and redundant disclosures in the annual report.

b) Clarification on cessation of applicability of corporate governance provisions, prior approval of shareholders for appointment or re-appointment of non-executive director crossing 75 years of age, applicability of regulation 17(1D) of LODR, gap between 2 consecutive meetings of the Board of Directors and its Committees, disclosure of details of agreements under regulation 30A of LODR, and group governance unit.

c) Recommendations of the Board of Directors to the shareholders to specifically include rationale of the Board.

d) Modification to regulation 39(2) of LODR on issuance of Letter of Confirmation instead of certificates.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	5	5	0	0	0

(ii) All the commenters have agreed with the proposed drafting suggestions. No additional comments or suggestions have been received.

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Annexure IV

Analysis of public comments received on the recommendations relating to the ICDR Regulations

1. Review of price band advertisement and other issue related advertisements

1.1. **Rationale and Recommendations of the Expert Committee:** The Expert Committee noted that the price band advertisement did involve duplication of information with the pre-issue advertisement. Accordingly, it was suggested to combine the existing price band advertisement and the pre-issue advertisement. Further, to reduce the size of advertisement, cross-reference to the relevant section of the red herring prospectus and quick response (QR) code to the website of the lead managers could be provided to replace certain section of the advertisement. Key recommendations included the following:

1.1.1. The format of the proposed price band advertisement will replace the existing format for a pre-issue advertisement specified in Part A of Schedule X of the ICDR. The new format will be a combined one and termed as “pre issue and price band advertisement”. Formats for Part B and Part C of Schedule X of the ICDR would follow the flow of the new pre issue and price band advertisement specified in Part A.

1.1.2. Replace disclosures in relation to the “Basis for the Offer Price” with a quick response (QR) code that directs a reader to the website of the lead managers. The “Basis for the Offer Price” section should be separately uploaded on the website of the lead managers and updated for the price band.

1.1.3. For promoter, promoter group and additional top 10 shareholders, disclose pre-issue shareholding and post-issue shareholding (based on price band) as at the date of advertisement in the “pre-issue and price band advertisement” and also disclose post-issue shareholding (based on final price) as at allotment in the prospectus.

1.2. **Public comments and analysis:**

1.2.1. The aforesaid recommendation was placed as proposal 60 to 62 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

1.2.2. **Proposal 60 -** Doing away with requirement to have separate pre-issue advertisement and price band advertisement and having a combined 'pre-issue advertisement and price band advertisement' as single advertisement.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
10	2	7	1	0	0

1.2.3. **Proposal 61 -** To reduce advertisement size without impacting content, certain information in combined 'pre-issue advertisement and price band advertisement' need to be disclosed using a QR code link / cross reference to RHP.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	**2**	**6**	**2**	**0**	**0**

1.2.4. **Proposal 62** - Disclosure of pre-issue shareholding and post-issue shareholding (based on price band) for promoter, promoter group and additional top 10 shareholders in the 'pre-issue and price band advertisement' as at the date of advertisement and disclosure of post issue shareholding (based on final price) as at allotment, in the prospectus.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
8	2	5	1	0	0

1.2.5. Analysis of the suggestions / comments relating to the proposal 60 to 62 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

b) For proposal 62, one commentator while agreeing has suggested that for disclosing pre and post issue shareholding other than promoter and promoter group, instead of top 10 shareholders shareholding of shareholders holding more than 1% shares may be disclosed.

This suggestion was not considered by the expert committee as this may lengthen the disclosure in case there are many shareholders holding more than 1%.

2. Permitting issuers to voluntarily disclose proforma financials and financial statements of the subsidiaries/businesses acquired or divested in public/ rights issue and in placement document for QIPs

2.1. **Rationale and Recommendations of the Expert Committee:** Under the current provisions of ICDR, proforma financial statements are required for the last completed financial year and interim period, where there has been a 'material' acquisition or disposal after the latest period for which financial information is disclosed but before the date of filing of the offer document. It was suggested that issuers should be permitted to disclose, on a voluntarily basis, proforma financial statements for additional fiscal period, non-material acquisition/divestment, to show impact of any

acquisition proposed from proceeds of the issue etc. for enhanced disclosures in offer document. Key recommendations include the following:

2.1.1. in public issues and rights issues (both fast track and otherwise), in addition to the existing requirements, the issuer should be permitted to voluntarily include proforma financial statements for such additional fiscal periods as it deems necessary, including, even if the acquisition or divestment was undertaken before the completion of the latest period(s) for which financial statements are disclosed, especially if the full year impact of the acquisition or divestment is not reflected in the latest period(s) financial statements;

2.1.2. the issuer should be permitted to voluntarily disclose financial statements of the subsidiaries/businesses acquired or divested, provided such financial statements are certified by the auditor (of the business or subsidiary acquired or divested) or an independent chartered accountant, either of whom should be peer reviewed;

2.1.3. in QIPs, the issuer should be permitted to voluntarily include proforma financial statements, provided these are certified by the statutory auditor or an independent chartered accountant, either of whom should be peer reviewed; and

2.1.4. Further, it was also recommended that if the proceeds of the issue are proposed to be used for the acquisition of one more businesses or entities in a public issue, rights issue or a QIP, an issuer should also be permitted to voluntarily disclose proforma financials (on a consolidated basis) to disclose the impact of such acquisition. The proforma financial statements should be certified by the statutory auditor or an independent chartered accountant, either of whom should be peer reviewed.

2.2. **Public comments and analysis:**

2.2.1. The aforesaid recommendation was placed as proposal 63 to 65 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

2.2.2. **Proposal 63** - Permitting Issuers to voluntarily include proforma financial statements for such additional fiscal periods as it deems necessary, including, even if the acquisition or divestment was undertaken before the completion of the latest period(s) for which financial statements are disclosed in offer document.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
9	3	6	0	0	0

2.2.3. **Proposal 64** - Permitting Issuers to voluntarily disclose financial statements of the subsidiaries/businesses that have been acquired or divested in offer document.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
5	5	1	0	0	0

2.2.4. **Proposal 65** - Permitting Issuers to voluntarily disclose proforma financials (on a consolidated basis) to disclose the impact of acquisition proposed to be done from proceeds of the issue in offer document.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	2	8	0	0	0

2.2.5. Analysis of the suggestions / comments relating to the proposal 63 to 65 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

3. Draft offer document to be made available to the public: Requirement to make public announcement after filing of draft offer document and inviting the public to provide their comments

3.1. **Rationale and Recommendations of the Expert Committee**: In circumstances where the draft offer document is filed around public holidays, issuers face difficulties in ensuring that the relevant advertisement is published in all editions of the Statutory Newspapers within two days of the date of filing. It was suggested that the requirement to issue such advertisement within two days is modified with two "working days". Key recommendations include the following:

3.1.1. Requirement to issue advertisement disclosing the fact of filing of draft offer document with the Board within "two days" to be replaced with "two working days".

3.1.2. Further, 21 day period for public comments to be considered from date of publication of the advertisement instead of date of filing of draft offer document.

3.2. **Public comments and analysis:**

3.2.1. The aforesaid recommendation was placed as proposal 66 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

3.2.2. **Proposal 66** - The requirement to issue advertisement after filing DRHP to be changed from "two days" to "two working days" and 21 day period for public comments to be calculated from the date of advertisement instead of date of filing.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
9	3	6	0	0	0

3.2.3. Analysis of the suggestions / comments relating to the proposal 66 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

4. Certification requirements where one of the objects of the issue is loan repayment

4.1. **Rationale and Recommendations of the Expert Committee:** If one of the objects of the offer is the repayment of a loan, ICDR requires an issuer company to obtain a certificate from the statutory auditor certifying the utilization of the loan for the purpose it was availed. Even for the scenarios where such loan was taken by a subsidiary or the loan was taken / utilization of loan proceeds were in a period prior to appointment of statutory auditor, the requirement under ICDR is to obtain certificate from statutory auditor. It was suggested that flexibility can be provided to permit issuers to obtain the above certificate from the statutory auditor or peer-reviewed chartered accountant. Key recommendations include the following:

4.1.1. The Expert Committee recommended that the certificate from a peer reviewed chartered accountant can be taken only in cases where the fiscal periods required to be covered in the utilization certificate were not audited by the current statutory auditor. The statutory auditor of the issuer shall continue to certify the utilization of the loan for fiscal periods audited by them.

4.1.2. Further, the Expert Committee recommended that a certificate from a peer reviewed chartered accountant can be taken when the loan that is proposed to be repaid is a borrowing of the subsidiary and the current statutory auditor of the issuer is not the statutory auditor of the subsidiary.

4.2. **Public comments and analysis:**

4.2.1. The aforesaid recommendation was placed as proposal 67 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

4.2.2. **Proposal 67** - Certificate for utilization of the loan can be obtained from a peer reviewed chartered accountant instead of statutory auditor, in following cases: (i) for period not audited by the current statutory auditor; or (ii) loan was for

subsidiary and current statutory auditor of the issuer is not the statutory auditor of subsidiary.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
9	3	6	0	0	0

4.2.3. Analysis of the suggestions / comments relating to the proposal 67 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

5. Eligibility conditions for an IPO - Permitting filing of DRHP filing where issuers have outstanding Stock appreciation rights (SARs)

5.1. **Rationale and Recommendations of the Expert Committee:** The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB Regulations"), recognize stock appreciation rights as a share-based employee benefit that can be provided by listed entities to their employees. It was suggested that outstanding stock appreciation rights ("SARs") under a stock appreciation rights plan of a company are also recognized under the exceptions to Regulation 5(2) of ICDR. Key recommendations include the following:

5.1.1. It was suggested that outstanding SARs granted to employees only, under a stock appreciation rights plan of a company may also be recognized under the exceptions to Regulation 5(2), for SARs which are fully exercised for equity shares prior to the filing of the RHP (prospectus in case of fixed price issue). Issuers should also include disclosures regarding such SARs and the plan, and the total number of equity shares resulting from the exercise of such SARs in the DRHP and RHP.

5.1.2. Relaxation from lock-in requirement as presently applicable for equity shares allotted to employees under employee stock option or employee stock purchase scheme may also be made available for equity shares allotted to employees under stock appreciation rights plan. Further, an explanation may be provided that such relaxation from lock-in is also applicable on shares received pursuant to bonus issue against equity shares allotted pursuant to ESOP and SARs.

5.2. **Public comments and analysis:**

5.2.1. The aforesaid recommendation was placed as proposal 68 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

5.2.2. **Proposal 68** - Flexibility to be provided under eligibility conditions for an IPO by allowing issuers with outstanding Stock appreciation rights (SARs) to file DRHP

where such SARs are granted to employees only and are fully exercised for equity shares prior to the filing of the RHP.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	2	5	2	0	1

5.2.3. Analysis of the suggestions / comments relating to the proposal 60 to 62 is given below:

a) Out of 10 commenters, 9 have agreed with the recommendations of the Expert Committee and 1 commentator has disagreed.

b) No rationale or reason has been provided for disagreement by the one commentator who has disagreed.

c) 2 commentators who have partially agreed have suggested that SARs may also be permitted to remain outstanding in the same manner as ESOPs.

Comment: This suggestion was not taken up as the concerns related to same were already discussed and dealt in the expert committee report.

6. Clarification regarding additional conditions for an OFS prescribed under Regulation 8A of ICDR

6.1. **Rationale and Recommendations of the Expert Committee:** It was suggested that there should be clarity that the total shares that are eligible to be sold by a shareholder, whether as part of the IPO or through other secondary transfers prior to the issue /IPO, do not exceed the thresholds set out under Regulation 8A and such thresholds should be measured from the date of filing the DRHP. Key recommendations include the following:

6.1.1. Explanation to be provided under Regulation 8A that the limits set out for offer for sale shall be calculated with reference to the shareholding as of the date of the draft offer document and apply cumulatively to the total number of shares offered for sale to the public and any secondary sale transactions prior to the issue.

6.2. **Public comments and analysis:**

6.2.1. The aforesaid recommendation was placed as proposal 69 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

6.2.2. **Proposal 69** - Limits set out for offer for sale under Regulation 8A of ICDR needs to be calculated with reference to the shareholding as of the date of the draft offer

document and apply cumulatively to the total number of shares offered for sale to the public and any secondary sale transactions prior to the issue.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
8	3	5	0	0	0

6.2.3. Analysis of the suggestions / comments relating to the proposal 69 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

7. Deletion of provision related to reservation for employees in rights issues

7.1. **Rationale and Recommendations of the Expert Committee:** Regulation 74(3) of the ICDR permits an issuer undertaking a rights issue to make a reservation in favour of employees. It was suggested that since rights issue is for the shareholders of the company on the record date is not permitted, such provision of reservation may be deleted. Key recommendations include the following:

7.1.1. ICDR provision related to employee reservation shall be deleted in rights issue chapter and accordingly Regulation 74(3) of ICDR may be deleted.

7.2. **Public comments and analysis:**

7.2.1. The aforesaid recommendation was placed as proposal 60 to 62 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

7.2.2. **Proposal 70** - In terms of the framework of a rights issue under the Companies Act, 2013 and Regulation 74(3) of ICDR, shares are required to be offered on a rights basis only to shareholders of the company as of the record date. Accordingly, in the context of a rights issue, ICDR provision related to employee reservation needs to be deleted in rights issue chapter.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
8	2	5	0	1	0

7.2.3. Analysis of the suggestions / comments relating to the proposal 60 to 62 is given below:

(i) Seven out of eight commenters have agreed with the recommendations of the Expert Committee.

(ii) No rationale or reason has been provided for disagreement by the one commentator who has disagreed.

8. Disclaimer for illustration on disclosure of weighted averages of certain ratios in the basis for offer price section

8.1. **Rationale and Recommendations of the Expert Committee:** Paragraph 9(K) of Schedule VI of the ICDR sets out illustrative format for disclosure of the weighted average earnings per share, weighted average price to earnings ratio and the weighted average net worth. The Expert Committee acknowledged that merchant bankers/issuer companies need to assign weights at their discretion and shall exercise appropriate due diligence in assigning weights. Key recommendations include the following:

8.1.1. The Expert Committee recommended deletion of the numerical figure mentioned in illustrative format against the "weighted average" row and a clarificatory amendment in the ICDR to state following:

"The table above is for illustrative purposes only. Appropriate due diligence shall be exercised by the lead managers in assigning weights."

8.2. **Public comments and analysis:**

8.2.1. The aforesaid recommendation was placed as proposal 71 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

8.2.2. **Proposal 71** - For illustrative format on disclosure of certain ratios in the basis for offer price section given at Schedule VI of ICDR, following clarification needs to be provided: "The table above is for illustrative purposes only. Appropriate due diligence shall be exercised by the lead managers in assigning weights."

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
8	4	4	0	0	0

8.2.3. Analysis of the suggestions / comments relating to the proposal 71 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

9. Disclosure of pre-IPO transactions after filing of DRHP and details pertaining to such transactions to stock exchange(s)

9.1. **Rationale and Recommendations of the Expert Committee:** The Expert Committee suggested that to enhance transparency and information available for investors it is recommended to include the reporting requirements for pre-IPO transactions under the ICDR as this would ensure that details related to such pre-IPO transactions (such as the number of shares issued, pricing, total consideration raised through such placement etc.) are available to public investors subsequent to the transaction and visible to all public investors on websites of the stock exchange(s) along with other issue related documents / information. Key recommendations include the following:

9.1.1. The issuer shall ensure that any proposed pre-IPO placement disclosed in the draft offer document shall be reported to the stock exchange(s), within twenty-four hours of such pre-IPO transactions.

9.2. **Public comments and analysis:**

9.2.1. The aforesaid recommendation was placed as proposal 72 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

9.2.2. **Proposal 72** - To enhance transparency and information available for investors, issuer needs to make disclosure of pre-IPO transactions after filing of DRHP and details pertaining to such transactions to stock exchange(s).

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
8	4	4	0	0	0

9.2.3. Analysis of the suggestions / comments relating to the proposal 72 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

10. Clarification on Promoter Lock-in period where issue proceeds are used for Repayment of Loans and such loan have been utilized for Capital Expenditure

10.1. **Rationale and Recommendations of the Expert Committee:** It was noted that the issue proceeds should not be used as a means of bridge financing for capital expenditure, without the other checks and balances that are already contemplated under the ICDR for scenarios where issue proceeds are deployed for capital expenditure. It was suggested that clarity may be provided that if loans are being repaid from the proceeds of the issue, and such loans have been utilized for capital expenditure, then the longer promoter lock-in period shall apply as in case of capital expenditure object. Key recommendations include the following:

10.1.1. Explanation to be provided under Regulation 16 and Regulation 115 of ICDR that if loans are being repaid from the proceeds of the issue, and such loans have been utilized for capital expenditure, then the longer promoter lock-in period shall be applicable as in case of capital expenditure object.

10.2. **Public comments and analysis:**

10.2.1. The aforesaid recommendation was placed as proposal 73 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

10.2.2. **Proposal 73** - In case of loans being repaid from the proceeds of the issue and if such loans were utilized for capital expenditure, it needs to be clarified that longer promoter lock-in period as in case of capital expenditure object, applies.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
10	5	4	0	1	0

10.2.3. Analysis of the suggestions / comments relating to the proposal 73 is given below:

(i) Nine out of ten commenters have agreed with the recommendations of the Expert Committee.

(ii) One commentator has disagreed stating that this proposal will increase the lock in period obligation and is binding on the promoter, whereby funds would be locked in for greater period and can't be utlised by them.

Comments: It may be noted that concern of the commentator that funds will be locked-in and can't be utilized, is not correct interpretation since there is no lock-in on the funds raised through the issue and as per the proposal only the shareholding of promoter shall be locked-in for period similar to lock-in period as applicable in case of capital expenditure object.

11. Disclosure of information on standalone basis where issue proceeds is used to fund working capital

11.1. **Rationale and Recommendations of the Expert Committee:** The ICDR requires disclosure of restated financial statements in the offer document. Further, in cases where one of the objects of the offer is to raise capital to fund working capital requirements, certain additional disclosures are prescribed under paragraph (9)(A)(5) of Part A of Schedule VI of the ICDR which require information to be provided on a

"standalone basis". Presently there is no clarity whether such additional disclosures are required to be provided based on audited standalone financial statements or the restated standalone financial statements. Key recommendations include the following:

11.1.1. Clarity could be provided by way of an amendment that such disclosure should be provided based on the standalone audited financial statements of the issuer. There should be no additional requirement to restate the standalone financial statements if these are already audited.

11.1.2. However, the Expert Committee suggested that though standalone financial may not be required to be restated for the purpose of additional disclosures, but in case due to the restated consolidated financials there is an impact on the numbers given in audited standalone financial statements, then effect of the same may be provided in the disclosures based on audited standalone financial statements.

11.2. **Public comments and analysis:**

11.2.1. The aforesaid recommendation was placed as proposal 74 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

11.2.2. **Proposal 74** - Additional disclosures to be provided based on the audited standalone financial statements in cases where issue proceeds is used to fund working capital.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
9	4	4	1	0	0

11.2.3. Analysis of the suggestions / comments relating to the proposal 74 is given below:

a) All commenters have agreed with the recommendations of the Expert Committee.

Annexure V

Analysis of public comments received on the recommendations relating to harmonization of the provision of ICDR and LODR Regulations

1. Disclosures related to Material Litigation: Aligning disclosures related to Material Litigation in ICDR with LODR

1.1. **Rationale and Recommendations of the Expert Committee:** It was suggested that the monetary thresholds to determine material civil litigation matters under the ICDR should be aligned and harmonized with the thresholds prescribed under Regulation 30 of the LODR. Further, it was also proposed that actions against key managerial personnel and members of senior management of the company is also disclosed in offer document under ICDR. Key recommendations include the following:

1.1.1. Alignment of the material litigation disclosure requirements by listed companies and to-be-listed companies, ensuring clarity and parity in disclosures of litigation prior to and after the listing of an issuer.

1.1.2. Alignment of the disclosure requirements by listed companies and to-be-listed companies, by including details of actions against key managerial personnel and members of senior management of the company, for the purposes of disclosures in the draft offer document or the offer document.

1.2. **Public comments and analysis:**

1.2.1. The aforesaid recommendation was placed as proposal 75 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

1.2.2. **Proposal 75** - Alignment of the material litigation disclosure requirements by listed companies and to-be-listed companies, ensuring clarity and parity in disclosures of litigation prior to and after the listing of an issuer.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
10	6	3	1	0	0

(ii) All commenters have agreed with the recommendations of the Expert Committee.

2. Aligning definition for identification of Material Subsidiary thresholds

2.1. **Rationale and Recommendations of the Expert Committee:** Under ICDR, a material subsidiary is defined to mean any subsidiary that contributes 10% or more to the consolidated turnover or net worth or profit before tax in the annual consolidated financial statements. Under the LODR, a material subsidiary is defined as any

subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth of the company. The financial line items for identification of a material subsidiary should be aligned for consistency under the ICDR and the LODR. Key recommendations include the following:

2.1.1. Aligning terminology for identification of a material subsidiary under the ICDR and LODR by referring to consolidated “turnover” instead of “income”.

2.2. **Public comments and analysis:**

2.2.1. The aforesaid recommendation was placed as proposal 60 to 62 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

2.2.2. **Proposal 76** - Aligning terminology for identification of a material subsidiary under the ICDR and LODR by referring to consolidated “turnover” instead of “income”.

(i) The statistics on public comments received is tabulated below:

Total comments	**Strongly Agree**	**Agree**	**Partially Agree**	**Disagree**	**Strongly Disagree**
9	5	4	0	0	0

(ii) All commenters have agreed with the recommendations of the Expert Committee.

3. Disclosure of material agreements in offer documents

3.1. **Rationale and Recommendations of the Expert Committee:** The LODR requires disclosure of agreements that are entered into by shareholders, promoters, directors etc. whose purpose is to impact management or control over the listed entity. Additional disclosures are required for such agreements, including purpose of entry into agreement, shareholding in the counter-party, significant terms, and relationship with promoters and conflicts. The above agreements may not be disclosed by issuer companies in their offer documents prior to listing. To ensure parity with disclosures by to-be-listed companies, it was suggested that material agreements, that are required to be disclosed under the LODR, are also required to be disclosed under the ICDR. Key recommendations include the following:

3.1.1. Aligning requirement on disclosure of material agreements that are entered into by shareholders, promoters, directors etc. to ensure parity in disclosures of material agreements by listed and to-be-listed companies by mandating such disclosures under ICDR.

3.2. **Public comments and analysis:**

3.2.1. The aforesaid recommendation was placed as proposal 77 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

3.2.2. **Proposal 77** - Aligning requirement on disclosure of material agreements that are entered into by shareholders, promoters, directors etc. ensuring parity in disclosures of material agreements by listed and to-be-listed companies.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
11	5	5	0	1	0

(ii) Analysis of the suggestions / comments relating to the proposal 77 is given below:

a) Out of 11 commentators, 10 commenters have agreed with the recommendations of the Expert Committee.

b) One commenters have disagreed stating that this requirement may be onerous for the issuer.

Comment: In regard to above it may be noted that already under ICDR regulations, an issuer is required disclose key terms of all subsisting shareholders' agreements, if any (to be provided even if the issuer is not a party to such an agreement, but is aware of such an agreement). Accordingly, the Expert Committee rejected the suggestion disagreeing with the proposal.

4. Alignment of qualifications for the compliance officer under ICDR with the provisions of the LODR

4.1. **Rationale and Recommendations of the Expert Committee:** The LODR requires each listed entity to appoint a qualified company secretary as the compliance officer. The ICDR requires issuers to appoint a compliance officer to monitor compliance of securities laws and for redressal of investors' grievances. It was suggested that the qualifications for appointment of a compliance officer under the ICDR be aligned with the requirements under the LODR. Key recommendations include the following:

4.1.1. Aligning ICDR with LODR, by mandating that the compliance officer appointed by the issuer shall be a company secretary by qualification.

4.2. **Public comments and analysis:**

4.2.1. The aforesaid recommendation was placed as proposal 78 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

4.2.2. **Proposal 78** - Aligning ICDR with LODR by introducing company secretary as qualification for appointment of the compliance officer under ICDR.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
9	4	4	1	0	0

(ii) All commenters have agreed with the recommendations of the Expert Committee.

5. **Aligning definitions under ICDR and LODR**

5.1. **Rationale and Recommendations of the Expert Committee:** Certain terms defined under ICDR and LODR are not aligned. Further, certain terms defined under the ICDR are not defined under the LODR and vice-versa. It was recommended that definitions under the ICDR and LODR are harmonized. Key recommendations include the following:

5.1.1. Align the definition of the term “associate” and “securities laws” in both the regulations;

5.1.2. Include definition for term “financial year” in ICDR from LODR

5.1.3. Include definition of superior voting rights share i.e. “SR equity shares” in LODR from ICDR.

5.2. **Public comments and analysis:**

5.2.1. The aforesaid recommendation was placed as proposal 79 in the public consultation. Analysis of comments / suggestions received on the said proposals is discussed in the following paragraphs.

5.2.2. **Proposal 79** - Harmonizing ICDR and LODR to:

a. align the definition of the term “associate” and “securities laws” in both the regulations;
b. include definition for term “financial year” in ICDR from LODR
c. include definition of superior voting rights share i.e. “SR equity shares” in LODR from ICDR.

(i) The statistics on public comments received is tabulated below:

Total comments	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree
11	3	6	1	1	0

(ii) Analysis of the suggestions / comments relating to the proposal 79 is given below:

a) Out of 11 commentators, 10 commenters have agreed with the recommendations of the Expert Committee.

b) One commentators has disagreed but has not provided any rationale for disagreement.

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