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**Consultation paper on
'Interim Recommendations of
the Expert Committee on
Amendments in ICDR and
LODR Regulations'**



Chapter I

Recommendations for facilitating ease of doing business under the LODR Regulations



Recommendations in the Consultation Paper



APPLICABILITY OF THE REGULATIONS BASED ON MARKET CAPITALIZATION

Sl. No.	Regulation	Requirement	Applicability by market capitalization
1.	Reg. 17(1)(a)	At least one Independent woman director in the Board of Directors	Top 1000
2.	Reg. 17(1)(c)	Not less than six directors in the Board of Directors	Top 2000
3.	Reg. 17(2A)	Quorum for board meeting – 1/3 rd of its total strength or 3 directors, whichever is higher	Top 2000
4.	Reg. 21(5)	Risk Management Committee	Top 1000
5.	Reg. 25(10)	Directors and Officers insurance for all the independent directors	Top 1000
6.	Proviso to Reg. 30(11)	Rumour verification	Top 250
7.	Reg. 34(2)(f) *	Business Responsibility and Sustainability Report	Top 1000
8.	Reg. 43A	Dividend Distribution Policy	Top 1000
9.	Reg. 44(5)	AGM within 5 months from date of closing of financial year	Top 100
10.	Reg. 44(6)	One-way live webcast of proceedings of AGM	Top 100



Recommendations in the Consultation Paper



APPLICABILITY OF THE REGULATIONS BASED ON MARKET CAPITALIZATION

Proposed Changes:

- Introduction of average market capitalization calculation using data from **July 1 to December 31**.
- Implementation of a **three-month grace period** or the beginning of the immediate next financial year before regulations become applicable.



Recommendations in the Consultation Paper



APPLICABILITY OF THE REGULATIONS BASED ON MARKET CAPITALIZATION

Proposed Changes:

- **Highest ranking** across stock exchanges considered for entities listed on multiple exchanges.
- **Inclusion of a sunset clause:** If market capitalization remains below the threshold for three consecutive years, compliance with certain provisions may not be mandatory.



Recommendations in the Consultation Paper



APPLICABILITY OF THE REGULATIONS BASED ON MARKET CAPITALIZATION

Illustration

Determination of ranking	Company X			Company Y		
	Rank	Applicability* (Yes / No)	For Financial Year	Rank	Applicability* (Yes / No)	For Financial Year
31/12/2023	995	Yes	2024-25	990	Yes	2024-25
31/12/2024	1020	Yes	2025-26	1002	Yes	2025-26
31/12/2025	1100	Yes	2026-27	1050	Yes	2026-27
31/12/2026	1150	No	2027-28	999	Yes	2027-28
31/12/2027	1090	No	2028-29	1040	Yes	2028-29
31/12/2028	980	Yes	2029-30	1100	Yes	2029-30
31/12/2029	960	Yes	2030-31	1060	No	2030-31

** Applicability is from 1st April (i.e., beginning of the next financial year) and cessation is on 31st March (i.e., close of the financial year) assuming that the companies follow April – March financial year.*



Recommendations in the Consultation Paper



APPLICABILITY OF THE REGULATIONS BASED ON MARKET CAPITALIZATION

Consultation Proposal:

Do you support the proposed shift to average market capitalization over a 6-month period instead of a single day for determining compliance rankings?



Recommendations in the Consultation Paper



LIMIT OF MEMBERSHIP AND CHAIRMANSHIP OF COMMITTEES FOR A DIRECTOR

Proposed Changes:

- Consideration of **only equity listed entities** for calculating the maximum membership and chairmanship.
- The membership and chairmanship of Audit Committee alone to be considered.



Recommendations in the Consultation Paper



LIMIT OF MEMBERSHIP AND CHAIRMANSHIP OF COMMITTEES FOR A DIRECTOR

Proposed Changes:

- Overall, Directors in listed entities can hold a maximum of **7 Audit Committee memberships**, aligning with the overall limit of directorships set by regulation 17A. The restriction on committee memberships specified in regulation 26(1) can be **omitted**.



Recommendations in the Consultation Paper



LIMIT OF MEMBERSHIP AND CHAIRMANSHIP OF COMMITTEES FOR A DIRECTOR

Consultation Proposal:

Do you agree with the proposal to consider only equity listed entities for calculating the maximum membership and chairmanship limits for directors?



Recommendations in the Consultation Paper



FILLING UP OF VACANCIES OF KEY MANAGERIAL PERSONNEL

Proposed Changes:

- Extension of the time limit for filling up KMP vacancies involving regulatory or government approvals from **3 to 6 months**.
- Emphasis on initiating the **approval process at the earliest**.



Recommendations in the Consultation Paper



FILLING UP OF VACANCIES OF KEY MANAGERIAL PERSONNEL

Consultation Proposal:

Should the time limit for filling up vacancies of Key Managerial Personnel be extended to a maximum of 6 months, considering regulatory approval timelines?



Recommendations in the Consultation Paper



TIMELINE FOR PRIOR INTIMATION OF BOARD MEETINGS

Proposed Changes:

- Harmonization of the prior intimation timeline to **two working days** for all types of events specified in regulation 29.
- Clarification in regulation 29(1)(d) that prior intimation is only required for **fund-raising proposals** involving the issuance of securities.
- Exclusion of prior intimation for determining the **issue price in qualified institutions placement (QIP)**.



Recommendations in the Consultation Paper



TIMELINE FOR PRIOR INTIMATION OF BOARD MEETINGS

Consultation Proposal:

Do you support the harmonization of the timeline for prior intimation of board meetings to two working days for all events specified in regulation 29?



Recommendations in the Consultation Paper



TIMELINE FOR PRIOR INTIMATION OF BOARD MEETINGS

Consultation Proposal:

Do you agree with the proposal to exclude certain fundraising proposals from the mandatory prior intimation requirements?



Recommendations in the Consultation Paper



GAP BETWEEN MEETINGS OF THE RISK MANAGEMENT COMMITTEE

Proposed Changes:

Recommendation to increase the maximum gap between Risk Management Committee meetings from **180 days to 210 days.**



Recommendations in the Consultation Paper



GAP BETWEEN MEETINGS OF THE RISK MANAGEMENT COMMITTEE

Consultation Proposal:

Should the maximum gap between meetings of the Risk Management Committee be extended to 210 days to provide more flexibility?





Chapter II

Recommendations for facilitating ease of doing business under the ICDR Regulations



Recommendations in the Consultation Paper



MINIMUM PROMOTERS' CONTRIBUTION

Current Provision:

Existing regulations require promoters to contribute 20% of post-offer paid-up equity share capital.

Proposed Changes:

Equity shares from the conversion of convertible securities held for at least one year prior to the filing of the DRHP should be eligible for minimum promoters' contribution.



Recommendations in the Consultation Paper



MINIMUM PROMOTERS' CONTRIBUTION

Consultation Proposal:

Do you agree with the proposed inclusion of equity shares from the conversion of fully paid-up, compulsorily convertible securities in the minimum promoters' contribution if held for at least one year prior to the filing of the DRHP?



Recommendations in the Consultation Paper



NON-INDIVIDUAL SHAREHOLDERS

Current Provision:

Current regulations allow specific categories of QIB shareholders to contribute equity shares to meet the shortfall in minimum promoters' contribution.

Proposed Changes:

Proposal to permit any non-individual shareholder holding 5% or more of the post-offer equity share capital to **contribute towards the shortfall** without being identified as a promoter.



Recommendations in the Consultation Paper



NON-INDIVIDUAL SHAREHOLDERS

Consultation Proposal:

Should any non-individual shareholder holding 5% or more of the post-offer equity share capital be permitted to contribute towards the shortfall in minimum promoters' contribution, subject to a maximum of 10%, without being identified as a promoter?



Recommendations in the Consultation Paper



THRESHOLDS FOR CHANGES IN ISSUE SIZE

Current Provision:

Existing provisions set limits for changes in the estimated issue size for a fresh issue or offer for sale that trigger the re-filing of draft offer documents.

Proposed Changes:

Stakeholders suggest clarifying the term “**estimated issue size**” and considering changes in the offer for sale size based on either the estimated issue size or the number of shares, but not both.



Recommendations in the Consultation Paper



THRESHOLDS FOR CHANGES IN ISSUE SIZE

Proposed Changes:

Recommendations include clarifying the measurement of the estimated size of the issue, providing **flexibility in determining offer for sale size**, and not considering changes in offer size beyond 50%.



Recommendations in the Consultation Paper



THRESHOLDS FOR CHANGES IN ISSUE SIZE

Consultation Proposal:

Do you support the proposed clarification that the “estimated size of the issue” for a fresh issue should be based on the Rupee value, and the offer for sale size can be based on either the estimated issue size or the number of shares, as disclosed in the DRHP?



Recommendations in the Consultation Paper



THRESHOLDS FOR CHANGES IN ISSUE SIZE

Consultation Proposal:

Should the limit for changes in the size of the offer for sale remain at $\pm 50\%$ based on whichever criteria has been disclosed in the DRHP, or should it be increased to $\pm 100\%$?



Recommendations in the Consultation Paper



FLEXIBILITY IN EXTENDING BID/OFFER CLOSING DATE

Current Provision:

Current regulations allow a minimum three-day extension of the bidding period in case of force majeure events.

Proposed Changes:

Stakeholders propose reducing the **minimum extension period to one working day** in such circumstances.



Recommendations in the Consultation Paper



FLEXIBILITY IN EXTENDING BID/OFFER CLOSING DATE

Proposed Changes:

Recommendations include allowing issuer companies to **extend the issue period by one working day** in case of force majeure events, banking strikes, or similar circumstances.



Recommendations in the Consultation Paper



FLEXIBILITY IN EXTENDING BID/OFFER CLOSING DATE

Consultation Proposal:

Do you agree with the proposal to permit issuer companies to extend the issue period by one working day in case of force majeure events, banking strikes, or similar circumstances instead of the current minimum of three working days?





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