



**Corporate
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YEARS OF EXCELLENCE

‘Recommendations for Harmonization in ICDR and LODR Regulations’



Part A

Recommendations relating to LODR Regulations





Section 1

Filings and Disclosures



Single Filing System

Filing on one stock exchange will automatically disseminate to others via API based integration that is being jointly developed by the stock exchanges.



Integration of periodic filings

To minimize the number of periodic filings that are required to be done by a listed entity, it is recommended to merge the periodic filings under the LODR into **two broad categories**:

Integrated Filing (Governance)

- Corporate Governance report
- Statement on redressal on investor grievance

Integrated Filing (Financial)

- Financial results
- Statement of deviation in use of proceeds
- RPT etc.

Timeline

Within 30 days from the end of the quarter

Within 45 days (60 days for the last quarter) from the end of the quarter



Integration of periodic filings

The following filings to be **done away with**:

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



System driven disclosure of certain filings

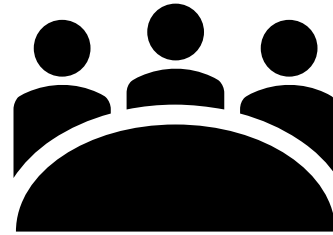
- Disclosure of new or revision in credit ratings to be automated at the end of stock exchanges.
- Disclosure of shareholding pattern to be automated at the end of depositories and stock exchanges. Eventually, it shall become an automated monthly disclosure.



Website disclosures & Newspaper advertisements

- Listed entities can provide **curated links** on their websites to information already available on Stock Exchange websites.
- Publishing detailed financial results in newspapers **to be made optional**. Instead, entities should publish a small box advertisement with a **QR code and weblink** to the full financial results for investors' convenience.





Section 2

Board of Directors and Its Committees



Timeline to fill up vacancies in Board Committees

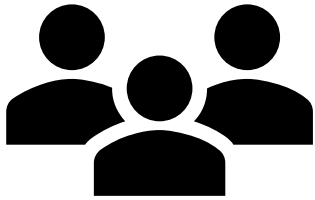
Vacancy in the committees of Board of Directors of the listed entity to be filled up within a **period of 3 months** from the date of such vacancy.



Timeline for shareholder approval for appointment/ reappointment of director

- In cases requiring regulatory, statutory, or government approvals, the time taken for these approvals is **excluded from the 3-month timeline in Reg. 17(1C)** for obtaining shareholder approval.
- Additionally, shareholder approval is **not needed for nominee directors** appointed by financial sector regulators or by a Court or Tribunal.





Section 3

Promoters and Controlling Shareholders



Framework for reclassification of promoter

The following changes are recommended for the reclassification process:

- Obtain **NOC from stock exchanges** before seeking shareholder approval, replacing the current requirement for stock exchange approval.
- Reduce the timeline for boards to consider reclassification requests from **90 to 60 days**.
- Introduce **penalties for companies** that do not process fully compliant reclassification requests within the specified timeline.



Framework for reclassification of promoter

Timelines:

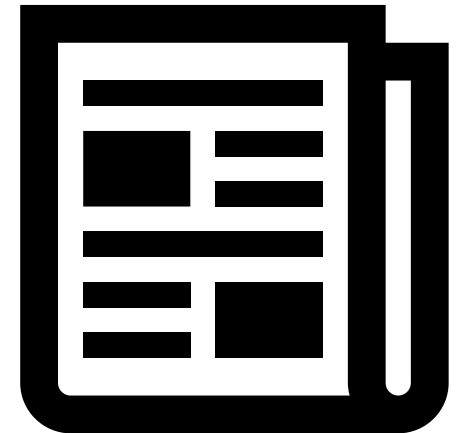
- Stock Exchanges to provide NOC within **30 days**.
- Listed entity to seek shareholder approval within **60 days**.
- Listed entity to notify stock exchanges within **5 days** after shareholder approval.



Framework for reclassification of promoter

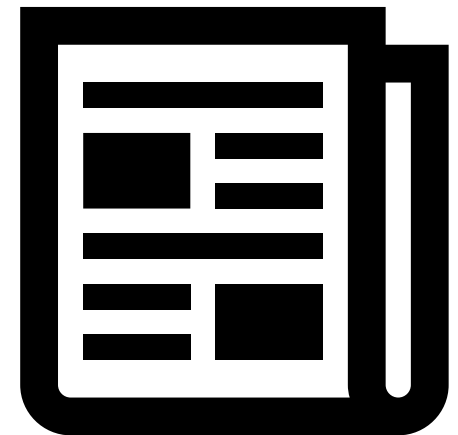
Other changes relating to reclassification:

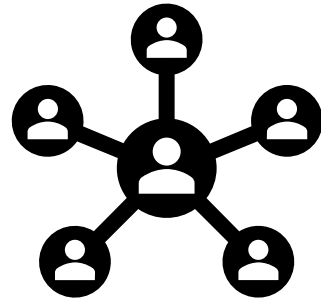
- If there are changes in facts and circumstances (e.g., increase in voting rights) after receiving NOC, the listed entity must seek **Stock Exchange approval** again before reclassification.
- Penalties will be imposed on listed entities that do not present fully compliant reclassification requests to their board **within 60 days of receipt**.
- Disclose the **outcome of the board meeting, including the board's views** on the reclassification request, under regulation 31A(8)(b) of LODR.



Obligation on promoter/ directors/ KMP to disclose information to the listed entity

To introduce a provision in Reg. 5 which requires promoter, promoter group, KMP, directors or any other person dealing with the listed entity to disclose **all information necessary for the listed entity** to ensure compliance with LODR and other applicable laws.





Section 4

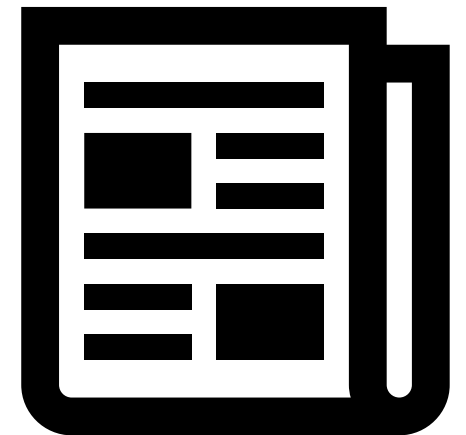
Related Party Transactions



Definition of RPT

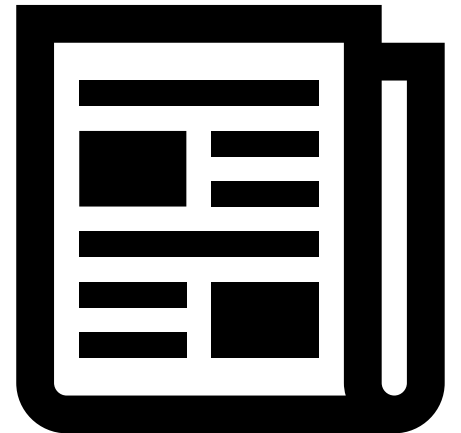
Proposed exemptions from the definition of RPTs under Regulation 2(1)(zc) of LODR include:

- **Corporate actions by subsidiaries** of a listed entity and those received by the listed entity or its subsidiaries, uniformly applicable/offered to all shareholders in proportion to their shareholding.
- Acceptance of **current or savings account deposits** by banks in compliance with RBI directions.
- **Retail purchases from any listed entity or its subsidiary** by directors or employees, without establishing a business relationship and on terms uniformly applicable/offered to all employees and directors.



Approval of RPTs by the audit committee

Remuneration and sitting fees paid by a listed entity or its subsidiary to its director, KMP, or senior management (excluding those part of the promoter group) may be **exempt from audit committee approval** if not material per Regulation 23(1) of LODR.



Approval of RPTs by the audit committee

Independent directors on the audit committee may **ratify RPTs within 3 months or at the next audit committee meeting**, subject to:

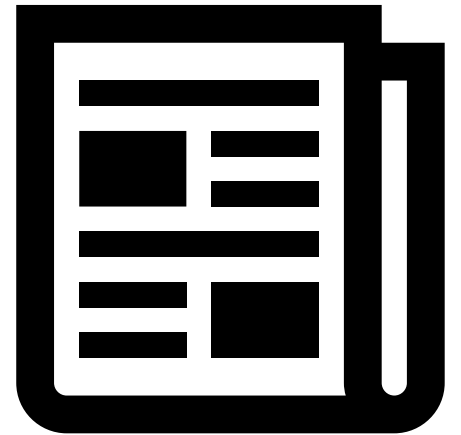
- i. The total value of ratified transactions with a related party during a financial year **does not exceed Rs. 1 crore**.
- ii. The **transaction is not material** per Regulation 23(1) of LODR.
- iii. **Rationale** for not seeking prior approval is provided.
- iv. Ratification details are **disclosed in half-yearly RPT disclosures** under Regulation 23(9) of LODR.
- v. Any **other conditions** set by the audit committee.

Failure to seek ratification renders the transaction voidable at the board's option, and directors involved must **indemnify the entity against any loss**.



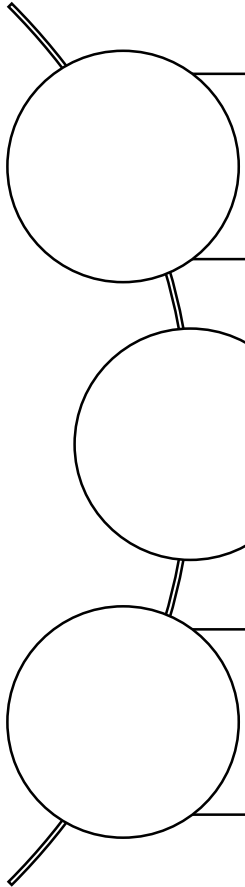
Omnibus approval of RPTs by the audit committee

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



Exemption from approval requirements for RPTs

Regulation 23(5) of LODR exempts transactions between two government companies from RPT approval requirements. Similar **exemptions may extend to:**



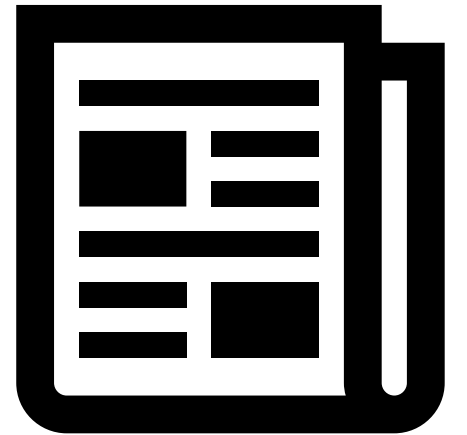
Payment of **statutory dues, fees, or charges** to the Central or State Government.

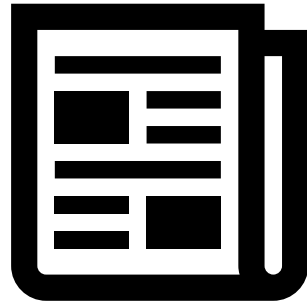
Transactions **between two public sector companies**, including government companies.

Transactions **between a public sector company (including government companies)** and the Central or State Government, or a combination thereof.

Half-yearly disclosure of RPTs

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** provided that the same is not material in terms of the provisions of Regulation 23(1) of LODR Regulations.





Section 5

Disclosure of Material Events or Information under Regulation 30



Timeline for disclosure of material events or information

Disclosure timeline for board meeting decisions



If the meeting ends after trading hours but more than 3 hours before the next trading session	If the meeting ends during trading hours or within 3 hours before the next session
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**Disclose within
3 hours**



**Disclose within
30 minutes**

Disclosure timeline for litigations or disputes with claims



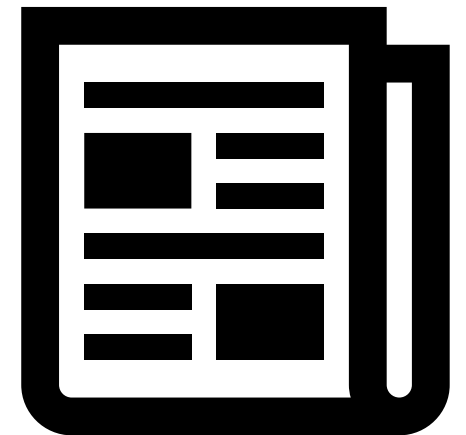
**May be extended
from 24 hours to
72 hours**



Disclosure of acquisition by listed entities

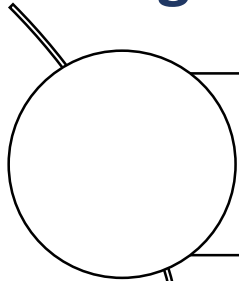
- Disclosure of acquisition is required if the listed entity holds shares or voting rights aggregating to **20% (up from 5%)** or any subsequent change exceeds **5% (up from 2%)**.
- For unlisted companies, disclose acquisitions aggregating to **5% or changes exceeding 2% quarterly** as part of Integrated Filing (Governance).

Details for 'to be incorporated' companies are specified in **Annexure I to SEBI circular dated July 13, 2023**.

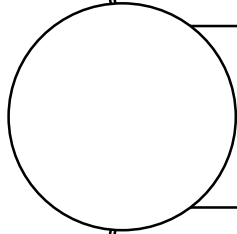


Disclosure of tax litigations or disputes

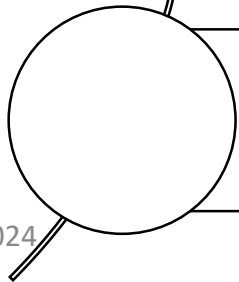
- Disclosure of tax litigations / disputes including tax penalties are required to be disclosed under **Para B(8) of Part A of Schedule III of LODR** based on application of criteria for materiality.
- Tax litigations or disputes should be disclosed as follows:



New tax litigations or disputes that exceed the materiality threshold must be disclosed **within 24 hours**.



Quarterly updates on ongoing tax litigations or disputes that exceed the materiality threshold should be included in the **Integrated Filing (Governance)**.



Tax litigations or disputes with outcomes that are highly correlated should be **aggregated to determine materiality**.

Disclosure of imposition of penalty

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



For penalties levied by sectoral regulators or enforcement agencies, a lower **threshold of Rs. 10,000** may apply for **disclosure within 24 hours**.

For penalties levied by other authorities, a **higher threshold of Rs. 10 lakhs** may apply for disclosure within 24 hours.

Penalties below these monetary thresholds should be disclosed on a **quarterly basis as part of the Integrated Filing (Governance)**, along with the details specified in Para A(20) of Part A of Schedule III of LODR

Clarification w.r.t disclosure of material events

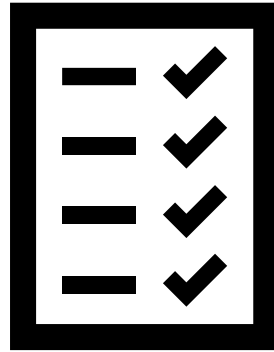


Align fund-raising disclosures under Para A(4) of Part A of Schedule III of LODR with Regulation 29 of LODR for prior intimation of board meetings.

Disclose fraud by senior management under Para A(6) of Part A of Schedule III of LODR only if related to the listed entity.

Specify FAQs on forensic audit disclosures required under Para A(17) of Part A of Schedule III of LODR in the LODR Regulations for clarity.





Section 6

Other Compliance Requirements and Obligations



Relaxations from certain compliance requirements for companies coming out of the IBC Framework

To allow companies emerging from the CIRP adequate time to comply with LODR, the following relaxations may be granted:



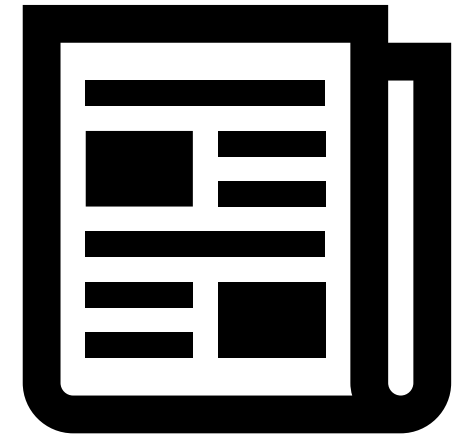
3 months for filling up the vacancy of KMPs subject to **having at least one full-time KMP**

3 months to have required board / committee composition.

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.

Subsidiary related compliance requirements

The requirement of approval of shareholders under regulation 24(6) 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.



Record date

1	Time gap between intimation and actual record date except for corporate action through a scheme of arrangement	To be reduced to minimum 3 working days (from 7 working days)
2	Minimum gap between two record dates	To be reduced to 5 working days (from 30 days)
3	Minimum gap between two book closures	To be omitted



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

- Doing away with the requirement of **obtaining no-objection letter from stock exchanges** for 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.
- The draft scheme **to be filed with stock exchanges** only for disclosure purposes.



Analyst or institutional / Investor meets

Disclosure of analyst/ investor names in meet schedules is **optional** for listed entities.

Presentations for analyst/ investor meets or post-earnings calls should be **disclosed to Stock Exchanges** before the events.

Upload video recordings of post-earnings/ quarterly calls **within 48 hours**.

Keep audio/video recordings on the website **for 2 years (preserve for 8 years)** and transcripts for **5 years (preserve for 8 years)**.



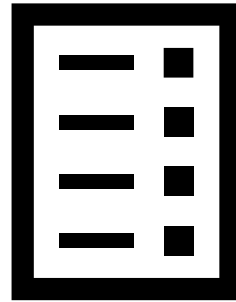
Annual Reports

Eliminate the requirement to send physical copies of abridged Annual Report to shareholders without available email IDs. Instead, send a letter to these shareholders with a link to download the annual report

The requirement to dispatch Annual Reports specified in **regulation 36(2) of LODR** may be omitted.

Annual Report needs to be submitted to the **Stock Exchange on or before commencement of its dispatch** to the shareholders.





Section 7

Suggestions to MCA on Postal Ballots, Dividend and Shareholder Meetings



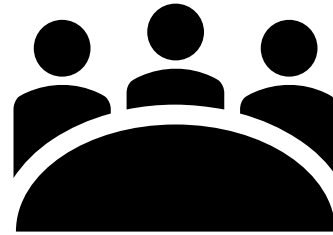
Suggestions to MCA

To exempt listed entities from sending postal ballots to shareholders and substitute with remote e-voting period from 30 days to 7 days.

To eliminate the requirement of dispatch of dividend warrants for amounts less than Rs. 10; retain unpaid dividends until cumulative amount exceeds Rs. 10 or before transfer to IEPF.

To permit virtual and hybrid general meetings on a permanent basis; reduce notice period for electronic/virtual meetings from 21 days to 7 days; dispense with sending proxy forms for virtual general meetings.





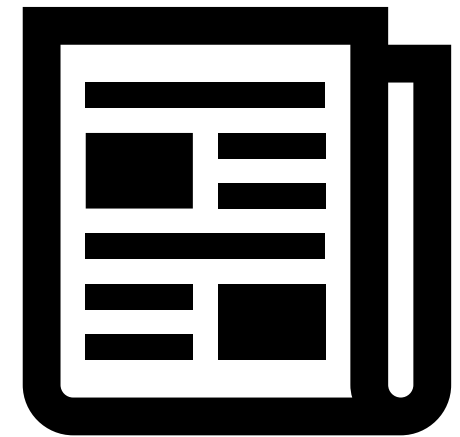
Section 8

Strengthening Corporate Governance at Listed Entities



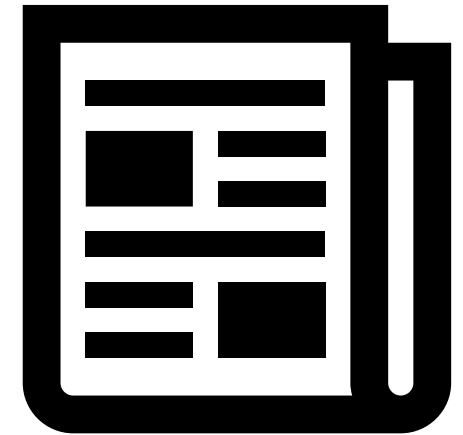
Diversity in the institution of IDs, meetings of IDs and Risk Management Committee

- Encourage top 2000 companies to have 1 women ID and constitute a risk management committee (right now only 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.

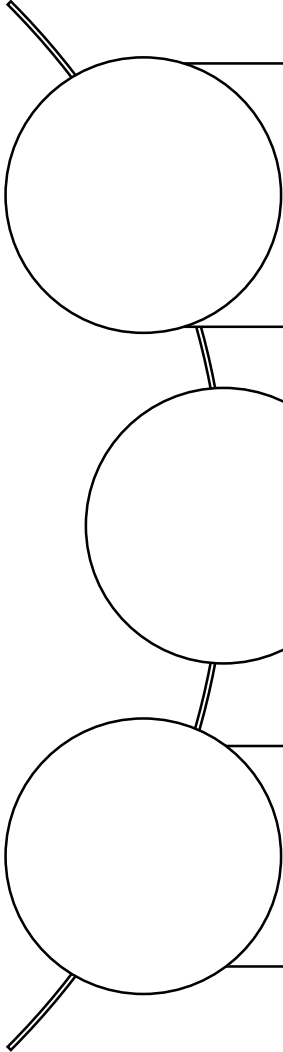


Strengthening the position of Compliance Officer

Compliance Officer to be designated as a KMP and to be an whole-time employee not one level below the board of directors.



Secretarial Auditors



Insert provisions in LODR Regulations for the **appointment and reappointment of secretarial auditors, aligning with section 139 of the Companies Act, 2013**. An individual can serve 5 years, and a firm can serve up to two 5-year terms, subject to shareholder approval.

Prescribe **eligibility (peer-reviewed company secretary) and disqualification criteria (conflict of interest)** in LODR Regulations.

Implement a **5-year cooling-off period** for reappointment of individual secretarial auditors and audit firms after their respective terms.



Secretarial Auditors



Include provisions for **shareholder approval for the removal of secretarial auditors** in LODR Regulations.



From April 1, 2025, ensure compliance with these provisions for appointing, reappointing, or continuing secretarial auditors. The Secretarial Compliance Report must be signed by a **compliant Secretarial Auditor or Peer Reviewed Company Secretary**.

Compensation / profit sharing agreements surviving after listing

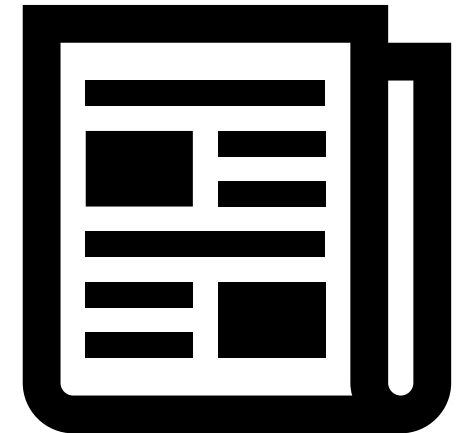
Any pre-listing compensation or profit sharing agreement that subsists after listing would require **ratification of shareholders in the first general meeting** held after listing.



Additional information on website

The following additional documents / information to be disclosed on the website of a listed entity in the interest of the investors:

- **AOA & MOA;**
- **Brief profile of board of directors;**
- **Employee benefits related scheme documents.**





Part B

Recommendations relating to ICDR Regulations





Section 10

Suggestions towards EODB and providing clarity with the objective of increasing transparency in respect to provisions under ICDR Regulations



Price Band Advertisement and other issue related advertisements



Combining **pre-issue advertisement** and **price band advertisement** as single advertisement.

Disclosure of certain information with a **quick response (QR) code** link.

Disclosure of **pre-issue shareholding** and **post-issue shareholding** for promoter, promoter group and additional top 10 shareholders.



Voluntarily disclosure of proforma financials in public issue, rights issue and for QIPs



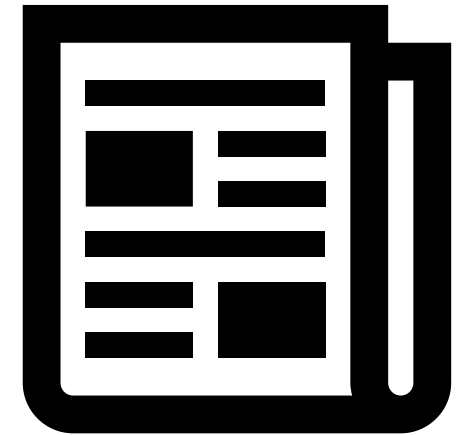
Permitting issuers to voluntarily include **proforma financial statements for additional fiscal periods** as needed, even if the acquisition or divestment occurred before the completion of the latest disclosed financial period in the offer document.

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

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.

Requirement to make public announcement after filing of draft offer document

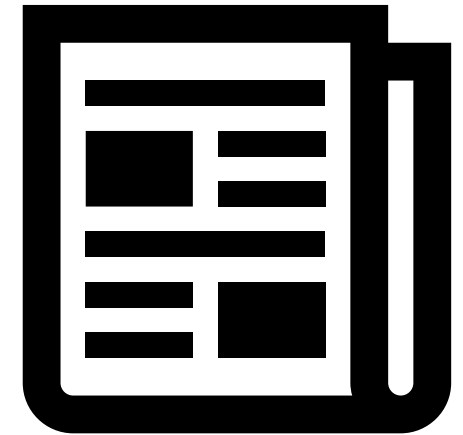
The requirement to issue advertisement after filing DRHP to be changed from “2 days” to “2 working days” and 21 day period for public comments to be calculated from the date of advertisement instead of date of filing.



Certification requirements where one of the objects of the issue is loan repayment

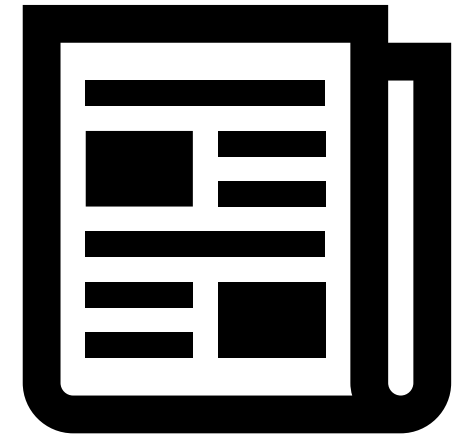
Certificate for utilization of the loan can be obtained from a peer reviewed CA instead of statutory auditor, in following cases:

- (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.



Eligibility conditions for an IPO

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.



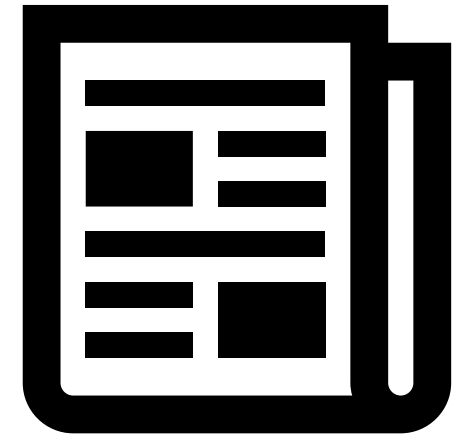
Clarification regarding additional conditions for an OFS prescribed under Regulation 8A

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.



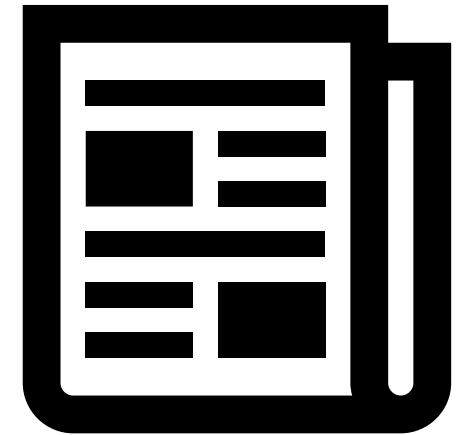
Deletion of provision related to reservation for employees in rights issues

- Under the Companies Act, 2013, and Regulation 74(3) of the ICDR, shares in a rights issue must be offered exclusively to shareholders as of the record date.
- Consequently, the ICDR provision regarding **employee reservation should be removed** from the rights issue chapter.



Disclosure of pre-IPO transactions

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).



Promoter Lock-in period where issue proceeds are used for Repayment of Loans and such loan have been utilized for Capital Expenditure

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.**





Part C

Recommendations relating to Harmonization of the provisions of ICDR and LODR Regulations





Section 11

Suggestions to harmonize requirements under ICDR and LODR Regulations



Alignment of ICDR and LODR

Ensure clarity and parity in **material litigation disclosures** for listed and to-be-listed companies.

Align terminology for identifying a material subsidiary by using **“turnover”** instead of **“income”** under ICDR and LODR.

Ensure parity in disclosing material agreements by **shareholders, promoters, and directors** for listed and to-be-listed companies.

Mandate the **compliance officer to be a Company Secretary** under ICDR, aligning with LODR.



Alignment of ICDR and LODR

Align the definition of the term **“associate”** under the ICDR with the definition under the LODR.

Include definition for term **“financial year”** in ICDR as available in LODR

Align the definition of **“securities laws”** under the LODR with the definition under the ICDR

Include the definition of **“SR equity shares”** in LODR as available in ICDR.





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