

# **REPORT OF THE EXPERT COMMITTEE**

**RECOMMENDATIONS FOR FACILITATING EASE OF DOING  
BUSINESS AND HARMONIZATION OF THE PROVISIONS OF ICDR  
AND LODR REGULATIONS**

## ACKNOWLEDGEMENTS

The Expert Committee expresses its gratitude to Ms. Madhabi Puri Buch, Chairperson, Shri Ashwani Bhatia, Whole-time Member and Shri. S.V. Muralidhar Rao, Executive Director of SEBI for entrusting the Committee with a significant task of reviewing the existing regulatory framework for facilitating ease of doing business for listed and to be listed companies in India.

The Committee also appreciates the support received from the Corporation Finance Department of SEBI, especially Ms. Yogita Jadhav and her team, for the meetings of the Committee and the working groups.

The Committee also acknowledges the support and contribution received from the members of this Committee and their respective teams, Stock Exchanges, AIIB, ICSI and ICAI during the meetings and in drafting the report.

The Committee specifically acknowledges the following individuals for their valuable contribution:

1. Ms. Yogita Jadhav, GM and her team members including Mr. Raj Kumar Das, Mr. Vimal Bhatte, Mr. Ankur Bishnoi, Mr. Abhishek Rozatkar, Mr. Rajendran S, Mr. Apar Patiyat, Mr. Rohan Shukla, Mr. Abhijeet Srivastava and Mr. Roshan Lal Meena (SEBI)
2. Mr. Rajesh Dangeti, CGM and his team members including, Mr. E. Balasubramanian, and Ms. Vandana Joglekar (SEBI)
3. Mr. Deep Mani Shah, CGM and his team members (SEBI)
4. Mr. Gopalkrishnan Iyer, Mr. Ashok Kumar Singh (BSE)
5. Mr. Avishkar Naik, Mr. Lokesh Bhandari, Mr. Hitesh Malhotra (NSE)
6. Ms. Jabarati Chandra and Mr. Siddharth Urs (S&R Associates)
7. Mr. Preyansh Vyas, Ms. Sneha Sarang, Ms. Paridhi Jhunjunwala (Hindalco Industries Limited)
8. CS Vallabh M Joshi (MMJC)
9. Ms. Krupa Hedge, Ms. Shambhavi Jha (SES)
10. Ms. Vinita Nair (HUL)

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>3</b>
<b>EXPERT COMMITTEE</b> .....	<b>6</b>
Composition of Expert Committee .....	6
Terms of reference of the Expert Committee .....	7
Approach.....	8
<b>INTRODUCTION</b> .....	<b>10</b>
<b>SUMMARY OF THE RECOMMENDATIONS</b> .....	<b>11</b>
<b>PART A – RECOMMENDATIONS RELATING TO LODR REGULATIONS</b> .....	<b>20</b>
<b>CHAPTER I: FILINGS AND DISCLOSURES</b> .....	<b>21</b>
1. Single Filing System .....	21
2. Integration of periodic filings .....	22
3. System driven disclosure of certain filings.....	26
4. Website disclosures .....	27
5. Newspaper advertisements.....	31
<b>CHAPTER II: BOARD OF DIRECTORS AND ITS COMMITTEES</b> .....	<b>33</b>
6. Timeline to fill up vacancies in Board Committees .....	33
7. Timeline for shareholder approval for appointment or reappointment of director of a listed entity .....	34
<b>CHAPTER III: PROMOTERS AND CONTROLLING SHAREHOLDERS</b> .....	<b>36</b>
8. Framework for reclassification of promoter or promoter group entities .....	36
9. Obligation for disclosure of information to the listed entity.....	43
<b>CHAPTER IV: RELATED PARTY TRANSACTIONS</b> .....	<b>44</b>
10. Definition of related party transaction .....	44
11. Approval of RPTs by the audit committee of the listed entity.....	46
12. Omnibus approval of RPTs by the audit committee.....	50
13. Exemption from approval requirements for RPTs.....	52
14. Half-yearly disclosure of RPTs.....	54
<b>CHAPTER V: DISCLOSURE OF MATERIAL EVENTS OR INFORMATION UNDER REGULATION 30</b> .....	<b>56</b>
15. Timeline for disclosure of material events or information.....	56
16. Disclosure of acquisition by listed entities .....	60
17. Disclosure of tax litigations or disputes .....	65
18. Disclosure of imposition of penalty.....	67

19. Clarification with respect to disclosure of material events specified under Schedule III of LODR Regulations.....	70
<b>CHAPTER VI: OTHER COMPLIANCE REQUIREMENTS AND OBLIGATIONS .....</b>	<b>73</b>
20. Relaxation from certain compliance requirements for companies coming out of the IBC Framework.....	73
21. Subsidiary related compliance requirements.....	79
22. Record Date.....	80
23. Schemes involving reduction of capital on account of writing off accumulated losses .....	82
24. Analyst or institutional investor meet .....	84
25. Annual Reports .....	88
26. Postal ballots .....	90
27. Dividend warrants .....	92
<b>CHAPTER VII: FACILITATING SHAREHOLDER PARTICIPATION IN GOVERNANCE OF LISTED ENTITIES .....</b>	<b>94</b>
28. Virtual and hybrid shareholder meetings .....	94
<b>CHAPTER VIII – STRENGTHENING CORPORATE GOVERNANCE AT LISTED ENTITIES .....</b>	<b>96</b>
29. Diversity in the institution of IDs, meetings of IDs and Risk Management .....	96
30. Strengthening the position of Compliance Officer .....	98
31. Secretarial Auditor .....	100
32. Pre-listing compensation or profit-sharing agreements .....	104
33. Additional information to be disclosed on website .....	106
<b>CHAPTER IX – DRAFTING CHANGES TO CERTAIN PROVISIONS OF THE LODR REGULATIONS AND RELATED CIRCULARS.....</b>	<b>110</b>
34. Drafting changes to certain provisions of the LODR and related circulars .....	110
<b>PART B – RECOMMENDATIONS RELATING TO ICDR REGULATIONS .....</b>	<b>118</b>
<b>CHAPTER X: SUGGESTIONS TOWARDS EASE OF DOING BUSINESS AND PROVIDING CLARITY WITH THE OBJECTIVE OF INCREASING TRANSPARENCY IN RESPECT TO PROVISIONS UNDER ICDR REGULATIONS.....</b>	<b>119</b>
35. Review of price band advertisement and other issue related advertisements.....	119
36. 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 .....	129
37. 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 .....	141
38. Certification requirements where one of the objects of the issue is loan repayment .....	143

39. Eligibility conditions for an IPO - Permitting filing of DRHP filing where issuers have outstanding Stock appreciation rights (SARs).....	145
40. Clarification regarding additional conditions for an OFS prescribed under Regulation 8A.....	150
41. Deletion of provision related to reservation for employees in rights issues.....	152
42. Disclaimer for illustration on disclosure of weighted averages of certain ratios in the basis for offer price section.....	154
43. Disclosure of pre-IPO transactions.....	156
44. Promoter Lock-in period where issue proceeds are used for Repayment of Loans and such loan have been utilized for Capital Expenditure.....	157
45. Disclosure of Standalone Information for Working Capital as an Object of the Issue .....	159
46. Common checklist for in-principle approval of the stock exchange.....	160

**PART C – RECOMMENDATIONS RELATING TO HARMONIZATION OF THE PROVISIONS OF ICDR AND LODR REGULATIONS..... 161**

**CHAPTER XI: SUGGESTIONS TO HARMONIZE REQUIREMENTS UNDER ICDR AND LODR REGULATIONS..... 162**

47. Disclosures related to Material Litigation.....	162
48. Financial terminology used for defining Material Subsidiary Thresholds.....	164
49. Disclosure of material agreements in offer documents.....	166
50. Alignment of qualifications of the compliance officer under the ICDR with the provisions of the LODR.....	168
51. Aligning definitions under ICDR and LODR.....	169

**ANNEXURES ..... 171**

**LIST OF ABBREVIATIONS..... 214**

## EXPERT COMMITTEE

The Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations (“**Expert Committee**” or “**Committee**”) was constituted by SEBI on August 24, 2023 under the Chairmanship of Shri S.K. Mohanty with the objective of facilitating ease of doing business for listed entities in India. The composition and terms of reference of the Expert Committee is given below:

### Composition of Expert Committee

Sl. No.	Name	Capacity
1.	Shri. S. K. Mohanty Former Whole Time Member, SEBI	Chairman
2.	Shri. Rajesh Panwar Joint Director, Department of Economic Affairs (DEA), Ministry of Finance (MoF)	Member
3.	Shri N. K. Dua Joint Director, Ministry of Corporate Affairs (MCA)	Member
4.	Shri. Keki Mistry Non-Executive Director, HDFC Bank Ltd.	Member
5.	Shri. Sandip Bhagat Partner, S&R Associates	Member
6.	Shri. Ashish Kumar Chauhan Managing Director and Chief Executive Officer, NSE	Member
7.	Shri. Sundararaman Ramamurthy Managing Director and Chief Executive Officer, BSE	Member
8.	Shri. J N Gupta Managing Director, Stakeholders Empowerment Services (SES)	Member
9.	Shri. Amit Tandon Managing Director, Institutional Investor Advisory Services (IIAS)	Member
10.	Shri. Ritesh Tiwari Chief Financial Officer, Hindustan Unilever Ltd. (HUL)	Member
11.	Ms. Geetika Anand Company Secretary, Hindalco Industries Ltd.	Member
12.	Shri. Makarand M. Joshi Partner, Makarand M. Joshi & Co. (MMJC)	Member
13.	Ms. Shailashri Bhaskar Practicing Company Secretary	Member

Sl. No.	Name	Capacity
14.	Dr. (Ms.) Kiran Rai Associate Professor, Maharashtra National Law University, Mumbai	Member
15.	Shri. Mahavir Lunawat Chairman, Association of Investment Bankers of India (AIBI)	Member
16.	Shri Arjun Mehra Member, Financial Markets Committee, Confederation of Indian Industry (CII)	Member
17.	Shri. Vijay Chandok Co-chair, Capital Markets Committee, Federation of Indian Chambers of Commerce & Industry (FICCI)	Member
18.	Shri. B Narasimhan* President, The Institute of Company Secretaries of India (ICSI)	Member
19.	Shri. Durgesh Kumar Kabra^ Member, The Institute of Chartered Accountants of India (ICAI)	Member
20.	Shri. S V Murali Dhar Rao Executive Director, Corporation Finance Department, SEBI	Member
21.	Ms. Yogita Jadhav General Manager, Corporation Finance Department, SEBI	Member Secretary

\* Ms. Banu Dandona, Director, ICSI attended the meetings on behalf of Shri. B. Narasimhan.

^Nominated by ICAI in place of Shri. Charanjot Singh Nanda.

### Terms of reference of the Expert Committee

At the time of constitution, the Expert Committee was to advise SEBI on reviewing the LODR Regulations from the point of view of facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations. Subsequently, the scope was expanded and accordingly, the Committee has advised SEBI on the following aspects:

- a) Reviewing the existing requirements in the following regulations from the point of view of facilitating ease of doing business, bringing in clarity and reducing the overall compliance burden, including cost of compliance while effectively balancing investor protection and compliance with the applicable laws to build trust in the industry and to facilitate its development and growth:
  - i. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**” or “**LODR**”);
  - ii. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**” or “**ICDR**”);

- iii. SEBI (Delisting of Equity Shares) Regulations, 2021 (“**Delisting Regulations**”);
  - iv. SEBI (Buy-back of Securities) Regulations, 2018 (“**Buyback Regulations**”);
  - v. SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SBEB Regulations**”);
  - vi. SEBI (Merchant Bankers) Regulations, 1992;
  - vii. SEBI (Bankers to an Issue) Regulations, 1994
- b) Harmonization of the requirements in the ICDR and LODR Regulations to ease the process of fund raising post-listing through a simplified document.
  - c) Facilitating standardization and integration of various filings under LODR Regulations.
  - d) Reviewing the corporate governance requirements under the LODR Regulations with an objective of instilling investor confidence and facilitating shareholder participation in the governance of listed entities, while ensuring ease of compliance.
  - e) Taking into account public comments / suggestions on the aforesaid regulations before making final recommendations to SEBI;
  - f) Any other matter, as the Committee deems fit.

## Approach

The Securities and Exchange Board of India (“**SEBI**”) pursuant to its press release dated October 4, 2023, invited suggestions from the public and regulated entities to simplify, ease and reduce the cost of compliance under various SEBI regulations, including the aforementioned regulations under the purview of the Expert Committee.

The Expert Committee received suggestions from its members and suggestions in response to the above-mentioned press release from the public, industry bodies and professional institutes on various regulations under its purview. The suggestions were deliberated in the Working Groups constituted by the Committee. A total of **14** meetings of Working Group-1, **11** meetings of Working Group-2 and **7** meetings of the Expert Committee were held to discuss and finalize the recommendations.

Few recommendations pertaining to ease of doing business under the LODR & ICDR Regulations were set out in the Committee’s Interim Report dated December 18, 2023. Further, final recommendations in respect of Merchant Bankers, Bankers to an Issue, Buyback Regulations and BRSR were set out in its Reports dated April 12, 2024. The Committee has considered all the remaining suggestions received and has set out its final recommendations in this Report. For the sake of brevity, suggestions that have not been accepted by the Committee are not discussed in this Report.

This Report is divided into three parts viz., Part A, Part B and Part C. [Part A](#) deals with recommendations relating to the LODR Regulations, [Part B](#) deals with recommendations relating to the ICDR Regulations and [Part C](#) deals with recommendations relating to harmonization of the provisions of the ICDR and LODR Regulations. Under each part, the



recommendations are organized into different chapters which deal with specific themes along with details of existing regulatory provisions, suggestions received, recommendations of the Committee, rationale and suggested amendments to the regulations. This Report is being presented to SEBI to take the recommendations forward.

## INTRODUCTION

India's ambitious vision of attaining developed nation status by 2047 hinges crucially on its ability to foster an environment conducive to business growth and investment. Central to this endeavor is the pivotal role played by the Government and the regulators in facilitating ease of doing business. As India charts its path towards economic prosperity, reducing regulatory complexities are paramount.

The motive of forming this Expert Committee, as also stated in one of the Budget Announcements in the Union Budget for FY 2023-24, is to carry out a comprehensive review of existing regulations in order to simplify, ease and reduce cost of compliance. The key focus areas would include simplification of procedures, compliances, easing out on timelines, filing records, rationalization of legal provisions etc.

A business-friendly ecosystem not only empowers entrepreneurs but also fuels economic growth, ultimately propelling India towards its aspiration of achieving developed nation status within the next few decades.

Ease of doing business and effective corporate governance are interlinked pillars of a thriving business ecosystem. While the Government and regulators focus on facilitating ease of doing business, it is the duty of listed entities to ensure high standards of corporate governance. This would, in turn, create a virtuous cycle of growth, innovation and prosperity that benefits businesses, investors and society as a whole.

This Report sets out measures for facilitating ease of doing business for listed and to be listed entities in India while ensuring high standards of corporate governance at Indian listed entities.

## SUMMARY OF THE RECOMMENDATIONS

A summary of the recommendations relating to the LODR Regulations, ICDR Regulations and harmonization of the provisions of the LODR and ICDR Regulations is tabulated below:

Chapter	TOPIC	Summary of the recommendation
<b>PART A - RECOMMENDATIONS RELATING TO LODR REGULATIONS</b>		
<b>I</b>	<b>FILINGS AND DISCLOSURES</b>	
1.	Single Filing System	The filing done on one stock exchange to be automatically disseminated to other stock exchanges using an API-based integration that is being jointly developed by stock exchanges.
2.	Integration of periodic filings	<p>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:</p> <p>i. Integrated Filing (Governance) – comprising of Corporate Governance report, statement on redressal on investor grievance.</p> <p>ii. Integrated Filing (Financial) – comprising of Financial results, statement of deviation in use of proceeds, RPT etc.</p> <p>The timeline for Integrated Filing (Governance) shall be within 30 days from the end of the quarter and the timeline for Integrated Filing (Financial) shall be within 45 days (60 days for the last quarter) from the end of the quarter.</p> <p>The following filings to be done away with:</p> <p>(i) Reg. 7(3) on having registered share transfer agent (already captured in quarterly share capital reconciliation audit report).</p> <p>(ii) Reg. 39(3) - on event-based disclosure of loss of physical share certificates</p> <p>(iii) Reg. 40(9)/(10) - Annual certification on adhering to the timeline for processing requests relating to physical shares.</p> <p>In the subsequent phases, filings to be done by a listed entity under other SEBI regulations may also be made part of the integrated filing.</p>
3.	System driven disclosure of certain filings	<p>Disclosure of new or revision in credit ratings to be automated at the end of stock exchanges.</p> <p>Disclosure of shareholding pattern to be automated at the end of depositories and stock exchanges. Eventually, it shall become an automated monthly disclosure.</p>
4.	Website disclosures	With respect to the information already made available on the website of Stock Exchanges, listed entities may provide curated links on their website instead of uploading all the information / data once again.
5.	Newspaper advertisements	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.

Chapter	TOPIC	Summary of the recommendation
<b>II</b>	<b>BOARD OF DIRECTORS AND ITS COMMITTEES</b>	
6.	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.
7.	Timeline for shareholder approval for appointment or reappointment of director of a listed entity	In those cases where regulatory or statutory or government approvals are required, time taken for such approvals to be excluded from the timeline of 3 months prescribed in reg. 17(1C) for obtaining shareholder approval. Further, shareholder approval may not be required for nominee directors of financial sector regulators or those appointed by Court or Tribunal.
<b>III</b>	<b>PROMOTERS AND CONTROLLING SHAREHOLDERS</b>	
8.	Framework for reclassification of promoter / promoter group entities	<p>The following changes are recommended to the reclassification process:</p> <ul style="list-style-type: none"> <li>(i) NOC to be obtained from stock exchanges (prior to seeking shareholder approval) instead of stock exchange approval as per the existing framework.</li> <li>(ii) Streamlining the timeline (from 90 days to 60 days) for boards to consider and provide their views on reclassification requests.</li> <li>(iii) Introduction of penalty on companies not processing fully compliant reclassification requests within the specified timeline.</li> </ul> <p>The timeline for Stock Exchanges to provide the NOC (within 30 days), for the listed entity to seek shareholder approval (within 60 days) and for the listed entity to notify the stock exchanges after shareholder approval (within 5 days) to be specified in the regulations.</p> <p>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 again before effecting reclassification.</p> <p>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.</p> <p>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.</p>
9.	Obligations on promoter / promoter group / directors / KMP to disclose information to the listed entity	In order to help the listed entity to identify its promoter group and related parties, and further comply with other obligations and disclosure requirements, it is recommended to introduce a provision 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.
<b>IV</b>	<b>RELATED PARTY TRANSACTIONS</b>	
10.	Definition of related party transactions	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:

Chapter	TOPIC	Summary of the recommendation
		<p>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.</p> <p>2. Acceptance of current account deposits or saving account deposits by banks in compliance with the directions issued by RBI from time to time.</p> <p>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.</p>
11.	Approval of RPTs by the audit committee of the listed entity	<p>a) 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.</p> <p>b) 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:</p> <ul style="list-style-type: none"> <li>i. 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.</li> <li>ii. the transaction is not material as per Regulation 23(1) of LODR.</li> <li>iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.</li> <li>iv. the details of ratification shall be disclosed along with the half-yearly disclosures of RPTs under Regulation 23(9) of LODR.</li> <li>v. any other condition as specified by the audit committee.</li> </ul> <p>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.</p>
12.	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.
13.	Exemption from approval requirements for RPTs	<p>Regulation 23(5) of LODR <i>inter-alia</i> exempts transactions between two government companies from approval requirements for RPTs. On similar lines, the exemptions may be extended to the following transactions:</p> <ul style="list-style-type: none"> <li>1. Payment of statutory dues, fees or charges to the Central Government and/or any State Government.</li> <li>2. Transactions entered into between two public sector companies (including government companies).</li> </ul>

Chapter	TOPIC	Summary of the recommendation
		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 on the other hand.
14.	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.
<b>V</b>	<b>DISCLOSURE OF MATERIAL EVENTS OR INFORMATION UNDER REGULATION 30</b>	
15.	Timeline for disclosure of material events or information	<p>a) 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:</p> <ol style="list-style-type: none"> <li>i. 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.</li> <li>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.</li> </ol> <p>b) 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.</p>
16.	Disclosure of acquisition by listed entities	<p>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).</p> <p>Details to be provided along with the disclosure of 'to be incorporated' companies may be specified in Annexure I to SEBI circular dated July 13, 2023.</p>
17.	Disclosure of tax litigations or disputes	<p>It may be clarified in Annexure I to the Circular dated July 13, 2023 that 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. Further, tax litigations or disputes, if material, may be disclosed in the following manner:</p> <ol style="list-style-type: none"> <li>a) Disclosure of new tax litigations or disputes exceeding materiality threshold within 24 hours.</li> <li>b) Quarterly updates on existing tax litigations or disputes exceeding materiality threshold as part of the Integrated Filing (Governance).</li> <li>c) Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.</li> </ol>
18.	Disclosure of imposition of penalty	Monetary limit may be applied for disclosure of imposition of penalty under Para A(20) of Part A of Schedule III of LODR in the following manner:

Chapter	TOPIC	Summary of the recommendation
		<p>a) A lower threshold of Rs. 10,000 may be applicable for disclosure of 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.</p> <p>b) A higher threshold of Rs. 10 lacs may be applicable for disclosure of penalties levied by other authorities within 24 hours.</p> <p>c) 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 Para A(20) of Part A of Schedule III of LODR.</p>
19.	Clarification with respect to disclosure of material events specified under Schedule III	<p>a) 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, may be aligned with Regulation 29 of LODR for prior intimation for board meetings.</p> <p>b) Fraud by senior management under Para A(6) of Part A of Schedule III of LODR should be disclosed only if it is in relation to the listed entity.</p> <p>c) 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 may be specified in the LODR Regulations for ample clarity.</p>
<b>VI</b>	<b>OTHER COMPLIANCE REQUIREMENTS AND OBLIGATIONS</b>	
20.	Relaxations from certain compliance requirements for companies coming out of the IBC Framework	<p>In order to provide time for companies coming out of corporate insolvency resolution process (CIRP) to ensure compliance with LODR, the following relaxations may be provided:</p> <p>(i) 3 months for filling up the vacancy of KMPs subject to having at least one full-time KMP;</p> <p>(ii) 3 months to have required board / committee composition.</p> <p>(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.</p>
21.	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.
22.	Record date	<p>1) 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.</p> <p>2) Minimum gap between two record dates to be reduced to 5 working days (from 30 days).</p> <p>3) Minimum gap between two book closures to be omitted.</p>
23.	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.

Chapter	TOPIC	Summary of the recommendation
24.	Analyst or institutional / Investor meets	<p>The following are recommendations relating to analyst of institutional investor meet:</p> <p>(i) Disclosure of names of analysts or institutional investors in the schedule of analyst or institutional investor meet shall be optional for listed entities.</p> <p>(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.</p> <p>(iii) Video recordings of post-earnings / quarterly calls may be uploaded within 48 hours.</p> <p>(iv) Audio / video recordings to be available on website for 2 years (instead of 5; to be preserved by company for 8 years) and transcripts to be available on website for 5 years (to be preserved by the company for 8 years).</p>
25.	Annual Reports	<p>Doing away with the requirement to send 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.</p> <p>The requirement to dispatch Annual Reports specified in regulation 36(2) of LODR may be omitted.</p> <p>Annual Report needs to be submitted to the Stock Exchange on or before commencement of its dispatch to the shareholders.</p>
26.	Postal ballots	Suggestion to MCA to exempt listed entities from sending postal ballots to its shareholders. Postal ballots may be substituted with remote e-voting. The period for which e-voting needs to be kept open may also be reduced suitably (from the existing timeline of 30 days to 7 days).
27.	Payment of dividend / Dividend warrants	Suggestion to MCA 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 IEPF.
<b>VII</b>	<b>FACILITATING SHAREHOLDER PARTICIPATION IN GOVERNANCE OF LISTED ENTITIES</b>	
28.	Virtual / electronic and hybrid shareholder meetings	<p>Suggestion to MCA to permit virtual general meetings and, hybrid general meetings on a permanent basis. Notice period for electronic / virtual meetings to be suitably reduced (from the existing requirement of 21 days to 7 days).</p> <p>The requirement to send proxy forms for general meetings held virtually to be dispensed with.</p>
<b>VIII</b>	<b>STRENGTHENING CORPORATE GOVERNANCE AT LISTED ENTITIES</b>	
29.	Diversity in the institution of IDs, meetings of IDs and Risk Management Committee.	<p>Encourage top 2000 companies to have 1 women ID and constitute a risk management committee (right now only top 1000 listed entities).</p> <p>Encouraging top 2000 companies to have more than the mandatory annual meeting of IDs without the presence of non-IDs and the management.</p>



Chapter	TOPIC	Summary of the recommendation
30.	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. This shall help in strengthening the position of compliance officers commensurate with the responsibilities cast upon them.
31.	Secretarial Auditors	<p>In order to strengthen the secretarial audit at listed entities and to prevent conflict of interests, the following are recommendations on secretarial auditors appointed at listed entities:</p> <p>(i) Provisions relating to appointment, reappointment of secretarial auditors be inserted in LODR Regulations in line with 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.</p> <p>(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.</p> <p>(iii) A cooling-off period of 5 years for re-appointment of an individual as a secretarial auditor (after 1 term of 5 years) and for re-appointment of a secretarial audit firm (after two consecutive terms of 5 years) .</p> <p>(iv) Provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity may be inserted in the LODR Regulations.</p> <p>(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.</p>
32.	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.
33.	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: Article of Association, Memorandum of Association, Brief profile of board of directors and Employee benefits related scheme documents.
<b>IX</b>	<b>DRAFTING CHANGES</b>	
34.	<p>Following drafting changes to certain provisions of the LODR regulations and related circulars:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>c) Recommendations of the Board of Directors to the shareholders to specifically include rationale of the Board.</li> </ol>	

Chapter	TOPIC	Summary of the recommendation
	d) Modification to regulation 39(2) of LODR on issuance of Letter of Confirmation instead of certificates.	
<b>PART B – RECOMMENDATIONS RELATING TO ICDR REGULATIONS</b>		
<b>X</b>	<b>SUGGESTIONS TOWARDS EASE OF DOING BUSINESS AND PROVIDING CLARITY WITH THE OBJECTIVE OF INCREASING TRANSPARENCY IN RESPECT TO PROVISIONS UNDER ICDR REGULATIONS</b>	
35.	Price Band Advertisement and other issue related advertisements	a) Combining pre-issue advertisement and price band advertisement as single advertisement. b) Disclosure of certain information with a quick response (QR) code link. c) Disclosure of pre-issue shareholding and post-issue shareholding for promoter, promoter group and additional top 10 shareholders.
36.	Voluntarily disclosure of proforma financials in public issue, rights issue and for QIPs	a) 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. 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.
37.	Requirement to make public announcement after filing of draft offer document	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.
38.	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 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.
39.	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.
40.	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.
41.	Deletion of provision related to reservation for employees in rights issues	In terms of the framework of a rights issue under the Companies Act, 2013 and Regulation 74(3) of the 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.

Chapter	TOPIC	Summary of the recommendation
42.	Disclaimer for illustration on disclosure of weighted averages of certain ratios in the basis for offer price section	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: <i>“The table above is for illustrative purposes only. Appropriate due diligence shall be exercised by the lead managers in assigning weights.”</i>
43.	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).
44.	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.
45.	Disclosure of information on standalone basis where issue proceeds is used to fund working capital	Additional disclosures to be provided based on the audited standalone financial statements in cases where issue proceeds is used to fund working capital.
46.	Common checklist for in-principle approval of the stock exchange	<i>(Already implemented by Exchanges)</i>

**PART C – RECOMMENDATIONS RELATING TO HARMONIZATION OF THE PROVISIONS OF ICDR AND LODR REGULATIONS**

XI	SUGGESTIONS TO HARMONIZE REQUIREMENTS UNDER ICDR AND LODR REGULATIONS	
47.	Aligning disclosures related to Material Litigation in ICDR with LODR	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.
48.	Aligning definition for identification of Material Subsidiary thresholds	Aligning terminology for identification of a material subsidiary under the ICDR and LODR by referring to consolidated “turnover” instead of “income”.
49.	Disclosure of material agreements in offer documents	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.
50.	Alignment of qualifications of the compliance officer under ICDR with the provisions of the LODR	Aligning ICDR with LODR by mandating the compliance officer to be a Company Secretary.
51.	Aligning definitions under ICDR and LODR	<ul style="list-style-type: none"> <li>a) Align the definition of the term “associate” under the ICDR with the definition under the LODR.</li> <li>b) Include definition for term “financial year” in ICDR as available in LODR</li> <li>c) Align the definition of “securities laws” under the LODR with the definition under the ICDR</li> <li>d) Include the definition of “SR equity shares” in LODR as available in ICDR</li> </ul>

**PART A – RECOMMENDATIONS RELATING TO**  
**LODR REGULATIONS**

## CHAPTER I: FILINGS AND DISCLOSURES

### 1. Single Filing System

- 1.1. Existing provisions: In terms of regulation 10 of the LODR Regulations, every listed entity shall file reports, statements, documents, filings and any other information with the recognized stock exchange(s) on the electronic platform as specified by the Board or the recognized stock exchange(s). Both BSE and NSE have their own filing platforms viz., Corporate Announcement Filing System (CAFS) and NSE Electronic Application Processing System (NEAPS), respectively.
- 1.2. Suggestions received: The suggestions received were on the following lines:
  - a) Single filing of disclosures by commonly listed entities to reduce duplication of compliance by listed entities.
  - b) Filing of information with multiple stock exchanges maybe enabled through a single platform.
  - c) Development of one common platform for dissemination of information, submission to stock exchanges.
- 1.3. Recommendations and rationale: The Stock Exchanges informed the Committee that an API-based integration of filing system is being developed jointly by Stock Exchanges which will allow companies to file 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). Therefore, the Committee recommends that such tech-enabled single filing system may be put up at the earliest which shall facilitate ease of filing for entities listed across multiple Stock Exchanges and eliminate the requirement of filing the same document across multiple exchanges.
- 1.4. Suggested text of the amendment: The Committee notes that there are no amendments required to the LODR Regulations. However, Stock Exchanges would be required to issue a circular detailing the process to be followed by listed entities once such a system of single filing is put in place.

## 2. Integration of periodic filings

2.1. Existing provisions: Disclosure of information by a listed entity under the LODR Regulations is both periodic and event-based. A listed entity has to disclose the following information on a periodic basis i.e., quarterly / half-yearly / annual, under the LODR Regulations:

### a) QUARTERLY:

S. No.	Regulation	Time period
1.	Regulation 13(3) - Statement of Grievance Redressal Mechanism	Within 21 days from the end of each quarter
2.	Regulation 27(2)(a) – Corporate Governance Report	Within 21 days from the end of each quarter
3.	Regulation 31(1)(b)- Shareholding Pattern	Within 21 days from the end of the quarter.
4.	Regulation 32(1) on statement of deviation or variation in utilization of funds raised	Along with the financial results
5.	Regulation 33(3)(a) - Financial Results along with Limited review report/Auditor's report	within 45 days of end of each quarter

### b) HALF-YEARLY

S. No.	Regulation	Time period
1.	Regulation 23(9) – Disclosure of RPTs	Along with financial results
2.	Regulation 33(3)(f) & (g) – Balance Sheet and Cash flow statement	Along with the financial results

### c) ANNUAL

S. No.	Regulation	Time period
1.	Regulation 7(3) - Share Transfer Agent – Compliance with LODR requirements	Within 30 days from the end of the financial year
2.	Regulation 24A(2) - Secretarial Compliance Report	within 60 days of the end of the financial year
3.	Regulation 33(3)(d) - Financial Results along with Auditor's Report	Within 60 days from the end of the financial year
4.	Regulation 34(1) & 36(2) – Annual Report	Not later than the day of commencement of dispatch to its shareholders and not less than 21 days before the annual general meeting.
5.	Regulation 40(10) – Certificate on processing physical shares related requests within the prescribed timeline	Within 30 days from the end of financial year.

2.2. Suggestions received: The suggestions received were on the following lines:

- a) Affirmation w.r.t. Share Transfer Agent (reg. 7(3)) can be added as part of Annual corporate governance report.
- b) The quarterly intimation of statement of investor grievances can be merged with the quarterly compliance report on corporate governance.

- c) Disclosure of all material related party transactions in the Quarterly Corporate Governance Report be dispensed with.
- d) The requirement of submitting “Nil” statement of deviation or variation, may please be done away with.
- e) Doing away with reporting of loss of share certificates under regulation 39(3) of the LODR.
- f) Certificate from PCS under regulation 40(10) on timely issues of certificates lodged with a listed entity may be merged with corporate governance report.
- g) Multiple submissions can be merged into a single disclosure.
- h) Wherever listed companies have equity and Debt both listed, the repetitions of disclosures to be avoided.

### 2.3. Recommendations and rationale:

- a) After deliberations, the Committee recommends introduction of the concept of Integrated Filing by listed entities in order to minimize the number of filings that need to be done on a periodic basis and reduce fragmentation and duplication of information. Such an integrated filing also helps investors in ease of access to information.
- b) To start off, the Committee recommends integrating periodic filings required under the LODR Regulations by merging them into two broad categories:
  - i. Governance related filings (Corporate Governance report, statement on redressal of investor grievance).
  - ii. Financial related filings (Financial results, statement of deviation in use of proceeds, related party transaction etc.).

The timeline for submission of Integrated filing (Governance) shall be within 30 days from the end of the quarter / half-year / year for submission to stock exchanges. 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 for submission to stock exchanges.

A snapshot of the existing filings that are proposed to be clubbed under the Integrated Filing is given in [Annexure 1](#). The draft format for [Integrated Filing \(Governance\)](#) and [Integrated Filing \(Financial\)](#) is placed as part of Annexure 2.

- c) In the subsequent phases, SEBI may 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.
- d) The Committee also recommends doing away with the following filing requirements under the LODR:
  - i. **Reg. 7(3):** Annual filing under regulation 7(3) on share transfer facility (maintained either in house or by Registrar to an issue and share transfer agent registered with the Board) may be dispensed with as the details 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 the event-based disclosure requirements.

- ii. **Reg. 39(3)**: Separate disclosure requirement under regulation 39(3) of the LODR on loss of physical share certificates. The Committee noted that physical shareholding in the securities market ecosystem is less than 1%. Further, 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.
- iii. **Reg. 40(9) & (10)**: Annual certification under regulation 40(9) & (10) on issue of certificates lodged for transfer, renewal, consolidation etc. within the specified timeline. The Committee noted that 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 issued in demat mode.

2.4. Suggested text of the amendment:

- a) The proposed amendments to the LODR Regulations for introducing an enabling provision for Integrated Filing is given below:

Existing provisions	Suggested changes
-	<p><b>Integrated Filing</b></p> <p>10B. The Board may enable integrated filing of periodic reports, statements, documents and any other information required to be filed by a listed entity under the Act or the regulations made thereunder in the format and within the timelines as may be specified.</p>

- b) Amendments to the LODR Regulations for omitting the filing requirements under regulation 7(3), 39(3) and 40(9) & (10) of the LODR is given below:

Existing provisions	Suggested changes
7(3) The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent, wherever applicable, within thirty days from the end of the financial year, certifying compliance with the requirements of sub-regulation (2).	<del>7(3) The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent, wherever applicable, within thirty days from the end of the financial year, certifying compliance with the requirements of sub-regulation (2).</del>



<p>39(3) The listed entity shall submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within two days of its getting information.</p>	<p><del>39(3) The listed entity shall submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within two days of its getting information.</del></p>
<p>40 (9) The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within thirty days from the end of the financial year, certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.</p> <p>(10) The listed entity shall ensure that certificate mentioned at sub-regulation (9), shall be filed with the stock exchange(s) simultaneously.</p>	<p><del>40(9) The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within thirty days from the end of the financial year, certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.</del></p> <p><del>(10) The listed entity shall ensure that certificate mentioned at sub-regulation (9), shall be filed with the stock exchange(s) simultaneously.</del></p>

- c) The current timelines mentioned in the LODR Regulations for submission of periodic reports, documents proposed to be clubbed as part of integrated filing to be omitted or modified.
- d) Draft circular on Integrated filing is enclosed as [Annexure 2](#). The revised formats for Integrated Filing in XBRL format may be put in place by Stock Exchanges after discussions with SEBI.

### 3. System driven disclosure of certain filings

3.1. Existing provisions: The requirements relating to disclosure of shareholding pattern and credit ratings is given below:

- a) Regulation 31 of the LODR requires a listed entity to file a statement showing holding of securities and shareholding pattern separately for each class of securities, to the Stock Exchanges, *inter-alia* on a quarterly basis and whenever there is capital restructuring exceeding two percent of paid-up share capital of the listed entity.
- b) Clause 3 of Para A of Part A of Schedule III of the LODR Regulations requires a listed entity to notify the stock exchange(s) the details of any new rating or revision in rating assigned from a credit rating agency.

3.2. Suggestions received: The suggestions received were as follows:

- a) Submission of quarterly shareholding pattern by a listed entity may be done away with and be made available through System Driven Disclosure (SDD) at more frequent intervals at the end of depositories. The eco-system for SDD is already in place for submissions under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b) Disclosure of shareholding pattern may be automated from the designated depository participants' end.
- c) Disclosure of credit rating should be system driven similar to SAST & PIT disclosures, since all information is with rating agency which can be shared with Exchanges for dissemination.

3.3. Recommendations and rationale: It was informed to the Committee that a system for automatic disclosure of shareholding pattern of listed entities based on the data available with depositories is being developed. Further, such an automatic disclosure would also help in more frequent disclosure of shareholding pattern of listed entities. In addition, it was also informed that automatic disclosure of credit ratings, both new ratings and revision in ratings, would be possible as the data is already being shared by credit rating agencies with Stock Exchanges. The Committee recommends that these automation measures may be implemented at the earliest to facilitate ease of compliance for listed entities and to reduce the burden of disclosures at their end.

3.4. Suggested text of the amendment: The Committee recommends issuance of a circular on automation of the aforesaid disclosure requirements while simultaneously putting in place appropriate systems and processes. Draft circular is given at [Annexure 2](#).

## 4. Website disclosures

- 4.1. Existing provisions: Regulation 46 of the LODR Regulations requires every listed entity to maintain a functional website containing basic details about the listed entity. The listed entity shall also disseminate information specified in regulation 46(2) under a separate section on the website. The listed entity shall also update the content in its website within 2 working days from the date of such change in content.
- 4.2. Suggestions received: Companies may be permitted to provide links on their websites instead of uploading the same information that is already available on Stock Exchange website.
- 4.3. Recommendations and rationale:
- a) The Committee noted that most 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.
  - b) The Committee, therefore, recommends that listed entities may be permitted to publish exact link to the webpage where such information has already been made available by the listed entity on Stock Exchange website. For this purpose, both BSE and NSE have developed curation links for certain types of disclosures made by listed entities to Stock Exchanges ([Annexure 3](#)).
  - c) The curated link for a specific type of disclosure may be uploaded by the listed entity on its website (e.g., link for shareholding pattern or corporate governance report of the listed entity disclosed to the Stock Exchange). Disclosing such a curated link would also do away with the need to keep updating relevant information on the website of the listed entity.
  - d) 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.
- 4.4. Suggested text of the amendment: The proposed changes to regulation 46(2) of the LODR Regulations is given below:

Existing provisions	Suggested changes
46(2) The listed entity shall disseminate the following information under a separate section on its website (a) details of its business. (b) terms and conditions of appointment of independent directors. (c) composition of various committees of board of directors. (d) code of conduct of board of directors and senior management personnel. (e) details of establishment of vigil mechanism/ Whistle Blower policy. (f) criteria of making payments to non-executive directors, if the same has not been disclosed in annual report.	46(2) The listed entity shall disseminate the following information under a separate section on its website (a) details of its business. (b) terms and conditions of appointment of independent directors. (c) composition of various committees of board of directors. (d) code of conduct of board of directors and senior management personnel. (e) details of establishment of vigil mechanism/ Whistle Blower policy. (f) criteria of making payments to non-executive directors, if the same has not been disclosed in annual report.

(g) policy on dealing with related party transactions.

(h) policy for determining 'material' subsidiaries.

(i) details of familiarization programmes imparted to independent directors including the following details: -

(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),

(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and

(iii) other relevant details

(j) the email address for grievance redressal and other relevant details.

(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances.

(l) financial information including:

(i) notice of meeting of the board of directors where financial results shall be discussed.

(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved.

(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.

(m) shareholding pattern.

(n) details of agreements entered with the media companies and/or their associates, etc.

(o) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means

(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or

within twenty-four hours from the conclusion of such calls, whichever is earlier.

(ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

Provided that—

a. The information under sub-clause (i) shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as

(g) policy on dealing with related party transactions.

(h) policy for determining 'material' subsidiaries.

(i) details of familiarization programmes imparted to independent directors including the following details: -

(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),

(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and

(iii) other relevant details

(j) the email address for grievance redressal and other relevant details.

(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances.

(l) financial information including:

(i) notice of meeting of the board of directors where financial results shall be discussed.

(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved.

(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.

(m) shareholding pattern.

(n) details of agreements entered with the media companies and/or their associates, etc.

(o) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means

(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or

within twenty-four hours from the conclusion of such calls, whichever is earlier.

(ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

Provided that—

a. The information under sub-clause (i) shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as

per the archival policy of the listed entity, as disclosed on its website.

b. The information under sub-clause (ii) shall be hosted on the website of the listed entity and preserved in accordance with clause (a) of regulation 9.

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021, and mandatory with effect from April 01, 2022;

(p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change.

(q) items in sub-regulation (1) of regulation 47.

(r) With effect from October 1, 2018, all credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings.

(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year:

Provided that a listed entity, which has a subsidiary incorporated outside India—

(a) where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such subsidiary is placed on the website of the listed entity.

(b) where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website;

(t) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations.

(u) disclosure of the policy for determination of materiality of events or information required under clause (ii), sub-regulation (4) of regulation 30 of these regulations.

(v) disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub regulation (5) of regulation 30 of these regulations

(w) disclosures under sub-regulation (8) of regulation 30 of these regulations.

per the archival policy of the listed entity, as disclosed on its website.

b. The information under sub-clause (ii) shall be hosted on the website of the listed entity and preserved in accordance with clause (a) of regulation 9.

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021, and mandatory with effect from April 01, 2022;

(p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change.

(q) items in sub-regulation (1) of regulation 47.

(r) With effect from October 1, 2018, all credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings.

(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year:

Provided that a listed entity, which has a subsidiary incorporated outside India—

(a) where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such subsidiary is placed on the website of the listed entity.

(b) where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website;

(t) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations.

(u) disclosure of the policy for determination of materiality of events or information required under clause (ii), sub-regulation (4) of regulation 30 of these regulations.

(v) disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub regulation (5) of regulation 30 of these regulations

(w) disclosures under sub-regulation (8) of regulation 30 of these regulations.

(x) statements of deviation(s) or variation(s) as specified in regulation 32 of these regulations.  
(y) dividend distribution policy by listed entities based on market capitalization as specified in sub-regulation (1) of regulation 43A.  
(z) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder

(x) statements of deviation(s) or variation(s) as specified in regulation 32 of these regulations.  
(y) dividend distribution policy by listed entities based on market capitalization as specified in sub-regulation (1) of regulation 43A.  
(z) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder

Provided that for the purpose of compliance with sub-regulation (2), the listed entity may provide exact link to the webpage of each of the recognized stock exchanges where such information has already been made available by the listed entity.

## 5. Newspaper advertisements

5.1. Existing provisions: Regulation 47 of the LODR Regulations requires a listed entity to publish its financial results and notices given to shareholders by advertisement in one national daily newspaper and one regional newspaper published in the language of the region where the registered office of the listed entity is situated.

5.2. Suggestions received: The suggestions received were as follows:

- a) To do away the requirement to publish financial results in the newspaper.
- b) Publishing advertisements in the newspaper may be made optional.
- c) To implement electronic or digital modes of dissemination of such information (i.e., by email) and do away with newspaper publication requirement for financial results and notices to shareholders, to the extent not mandated under Companies Act, 2013.

5.3. Recommendations and rationale:

- a) The requirement of publishing detailed newspaper advertisements for financial results in terms of regulation 47(1)(b) may be optional as reliance on newspapers for financial results of a company has substantially reduced with advent of technology. However, a small box advertisement with the QR code and weblink to the page where full financial results of the listed entity are available shall be published for the benefit of the investors.

5.4. Suggested text of the amendment: The suggested amendments to regulation 47 of the LODR Regulations is given below:

Existing provisions	Suggested changes
<p>47(1) The listed entity shall publish the following information in the newspaper:</p> <ol style="list-style-type: none"> <li>(a) <i>Omitted</i></li> <li>(b) financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor: <p>Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.</p> <li>(c) <i>Omitted</i></li> <li>(d) notices given to shareholders by advertisement.</li> </li></ol>	<p>47(1) The listed entity <del>shall</del> <b>may</b> publish <del>the following information in the newspaper:</del> <b>Omitted</b></p> <p>financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor <b>in the newspaper within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved:</b></p> <p><del>Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.</del></p> <p><b>Provided that the listed entity shall publish a small advertisement in the newspaper that contains a QR code and details of the webpage where full financial results of the listed entity is accessible to the investors</b></p>

	<p>within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved.</p> <p><del>(a) Omitted</del></p> <p><del>(b) notices given to shareholders by advertisement</del></p>
<p>(2) The listed entity shall give a reference in the newspaper publication, in sub-regulation (1), to link of the website of listed entity and stock exchange(s), where further details are available.</p>	<p><del>(2) The listed entity shall give a reference in the newspaper publication, in sub-regulation (1), to link of the website of listed entity and stock exchange(s), where further details are available.</del></p>
<p>(3) The listed entity shall publish the information specified in sub-regulation (1) in the newspaper simultaneously with the submission of the same to the stock exchange(s).</p> <p>Provided that financial results at clause (b) of sub-regulation (1), shall be published within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved.</p>	<p><del>(3) The listed entity shall publish the information specified in sub-regulation (1) in the newspaper simultaneously with the submission of the same to the stock exchange(s).</del></p> <p><del>Provided that financial results at clause (b) of sub-regulation (1), shall be published within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved.</del></p>
<p>(4) The information at sub-regulation (1) shall be published in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated:</p> <p>Provided that the requirements of this regulation shall not be applicable in case of listed entities which have listed their specified securities on SME Exchange.</p>	<p>(4) The information at sub-regulation (1) shall be published in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated:</p> <p>Provided that the requirements of this regulation shall not be applicable in case of listed entities which have listed their specified securities on SME Exchange.</p>



## CHAPTER II: BOARD OF DIRECTORS AND ITS COMMITTEES

### 6. Timeline to fill up vacancies in Board Committees

- 6.1. Existing provisions: Regulation 17(1E) of the LODR Regulations prescribes a timeline of 3 months for a listed entity to fill up any vacancy in the office of a director. However, no specific timelines have been provided in the Regulations to fill up vacancies in Board Committees arising as a result of vacancy in the office of a director.
- 6.2. Suggestions received: To prescribe a timeline in the LODR Regulations for a listed entity to ensure compliance with appropriate composition of Board Committees pursuant to vacancy in the office of a director.
- 6.3. Recommendations: The LODR provides a timeline of 3 months to fill up vacancies in the office of a director. However, 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, the Committee recommends a timeline of 3 months to fill up vacancies in Board Committees, which result in non-compliance with the composition prescribed in the regulations.
- 6.4. Suggested text of the amendment: The proposed amendment to regulation 17(1E) of the LODR is given below:

Existing provisions	Suggested changes
<p>17(1E) Any vacancy in the office of a director shall be filled by the listed entity at the earliest and in any case not later than three months from the date such vacancy:</p> <p>Provided that if the listed entity becomes non-compliant with the requirement under sub-regulation (1) of this regulation, due to expiration of the term of office of any director, the resulting vacancy shall be filled by the listed entity not later than the date such office is vacated:</p> <p>Provided further that this sub-regulation shall not apply if the listed entity fulfils the requirement under sub-regulation (1) of this regulation without filling the vacancy.</p>	<p>17(1E) Any vacancy in the office of a director shall be filled by the listed entity at the earliest and in any case not later than three months from the date such vacancy:</p> <p><b>Provided that if the vacancy in the office of a director results in non-compliance with the provisions of sub-regulation (1) of regulation 18, sub-regulation (1), (2) of regulation 19, sub-regulation (2), (2A) of regulation 20 or sub-regulation (2), (3) of regulation 21, the listed entity shall ensure compliance at the earliest and in any case not later than three months from the date of such vacancy:</b></p> <p>Provided <b>further</b> that if the listed entity becomes non-compliant with the requirement under sub-regulation (1) of this regulation, <b>sub-regulation (1) of regulation 18, sub-regulation (1), (2) of regulation 19, sub-regulation (2), (2A) of regulation 20 or sub-regulation (2), (3) of regulation 21</b>, due to expiration of the term of office of any director, the resulting vacancy shall be filled by the listed entity not later than the date such office is vacated:</p> <p>Provided further that this sub-regulation shall not apply if the listed entity fulfils the requirement under sub-regulation (1) of this regulation, <b>sub-regulation (1) of regulation 18, sub-regulation (1), (2) of regulation 19, sub-regulation (2), (2A) of regulation 20 or sub-regulation (2), (3) of regulation 21</b> without filling the vacancy.</p>

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

- 7.1. Existing provisions: In terms of regulation 17(1C) of the LODR Regulations, approval of shareholders for any person appointed on the board of a listed entity shall be taken within a period of 3 months or the next general meeting, whichever is earlier. Public sector companies are permitted to take shareholder approval at the next general meeting (AGM / EGM).
- 7.2. Suggestion from stakeholders: The suggestions received were on the following lines:
- a) The timeline for obtaining approval of shareholders should be made six month or at Next General Meeting, whichever is earlier.
  - b) This requirement may be aligned with the provisions of the Companies Act, 2013 which permits approval to be obtained at the AGM.
  - c) Exemption may be provided for compliance of the said regulation for Nominee Directors.
- 7.3. Recommendations:
- a) The Committee recommends that 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.
- 7.4. Rationale:
- a) In line with the recommendations of this Committee 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) The Committee also noted that regulation 17(1C) was introduced by SEBI to ensure that listed entities obtain time-bound approval of shareholders for directors appointed to the board without waiting for the next AGM. Therefore, the Committee does not agree with the suggestion to do away with this requirement altogether. It may also be noted that the Committee has given some recommendations on reducing the notice period for virtual general meetings, doing away with postal ballot etc., which are subject to acceptance by MCA. Once these recommendations are accepted and implemented, it would not be a burden for listed entities to obtain such approvals within 3 months.
  - c) With respect to exemption to nominee directors, the Committee deliberated the position of nominee directors in a listed entity vis-à-vis other directors. Nominee directors are appointed, generally by large investors, to take care of their interests in the listed entity. It may be noted that any special right in a listed entity is subject

to shareholder approval and therefore, the Committee does not agree with the suggestion to exempt shareholder approval for appointment such directors.

- d) However, the Committee noted the unique position of nominees of financial sector regulators who are on the board of registered or regulated entities to uphold public interest. Such nomination is not as a result of any special rights but as an oversight mechanism by the regulatory authority. Similarly, the Committee also noted that 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. Therefore, the Committee recommends exemption only to such categories of nominee directors.

7.5. Suggested text of the amendment: The proposed amendments to regulation 17(1C) of the LODR Regulations is given below:

Existing provisions	Suggested changes
<p>17(1C). The listed entity shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier:</p> <p>Provided that a public sector company shall ensure that the approval of the shareholders for appointment or re-appointment of a person on the Board of Directors or as a Manager is taken at the next general meeting:</p> <p>Provided further that the appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders:</p> <p>Provided further that the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment</p>	<p>17(1C). (a) The listed entity shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier:</p> <p><b>Provided that if such appointment or re-appointment of a person to the board of directors or as a manager is subject to approval of regulatory, government or statutory authorities, then the time taken to receive such approvals shall be excluded for the purposes of this sub-regulation:</b></p> <p>Provided <b>further</b> that a public sector company shall ensure that the approval of the shareholders for appointment or re-appointment of a person on the Board of Directors or as a Manager is taken at the next general meeting:</p> <p><del>(b) Provided further that t</del>The appointment or a re-appointment of a person, including as a managing director or a whole-time director or a manager, who was earlier rejected by the shareholders at a general meeting, shall be done only with the prior approval of the shareholders:</p> <p>Provided <b>further</b> that the statement referred to under sub-section (1) of section 102 of the Companies Act, 2013, annexed to the notice to the shareholders, for considering the appointment or re-appointment of such a person earlier rejected by the shareholders shall contain a detailed explanation and justification by the Nomination and Remuneration Committee and the Board of directors for recommending such a person for appointment or re-appointment.</p> <p><b>(c) The requirements specified in clause (a) shall not be applicable to appointment or re-appointment of a person nominated by a financial sector regulator, Court or Tribunal to the board of a listed entity.</b></p>

## CHAPTER III: PROMOTERS AND CONTROLLING SHAREHOLDERS

### 8. Framework for reclassification of promoter or promoter group entities

- 8.1. Existing provisions: Regulation 31A of the LODR Regulations lays down the procedure to be followed for reclassification of an entity belonging to promoter or promoter group as a public shareholder. The process starts with the entity making an application to the listed entity; followed by board's approval, shareholder approval (if applicable) and finally stock exchanges' approval. There are certain conditions to be satisfied by the entity seeking reclassification, especially with respect to voting rights of the group (promoter and promoter group) being not more than 10% of total voting rights in the listed entity.
- 8.2. Suggestions received: The following suggestions were received from the stakeholders:
- a) Voting rights threshold: Reference to "together holding more than 10%" in the regulations may be done away with.
  - b) Threshold for reclassification should be increased to 25%.
  - c) Shareholder approval: In cases of insignificant holding, the approval may be taken at the next annual general meeting.
  - d) Non-traceable promoters: In case any one or more of the promoters are non-traceable, then listed entity should be permitted to apply for reclassification of such promoter.
  - e) Procedure: To automatically exclude a person/entity if such person/entity sale/transfer entire holding and hold NIL shares in the listed entity.
  - f) Disclosure: Outcome instead of Minutes of the board meeting considering request for reclassification should be disclosed
- 8.3. Recommendations: In view of the number of suggestions received, the Committee recommends the following changes to the framework for reclassification of promoter or promoter group entities as public under the LODR Regulations:
- a) 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. (The NOC received from stock exchanges shall replace the requirement for stock exchanges' approval under the existing framework).

The timelines under the existing and revised framework is given below.

Process	Existing Timeline	Revised Timeline	Time taken at each stage under the revised framework
Application from promoter / promoter group to the listed entity*^	T	T	-
Board's views on the request*^	T+90	T+60	60 days
Application for NOC to Stock Exchanges^	-	T+65	5 days
NOC of stock Exchange^	-	T+95	30 days
Shareholder approval, if applicable.	T+120 to T+180	T+155	60 days
Application to Stock Exchanges*	T+210	-	-
Stock Exchange Approval*	No specific timeframe prescribed (generally 30 days) <b>T+240</b>	-	-
Intimation to Stock Exchanges	-	<b>T+160</b>	5 days

\* These events were deemed to be material events in the existing framework and were to be disclosed under Reg. 31A(8) within 24 hours.

^ These events shall be deemed to be material events in the revised framework and shall be disclosed to stock exchanges **within 24 hours**.

It may be noted that the revised framework results in the time taken for reclassification being reduced by 80 days.

- b) 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. This shall ensure time-bound processing of reclassification requests by listed entities.

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

#### 8.4. Rationale:

- a) Procedure: It was informed by Stock Exchanges that no objection for reclassification would be more appropriate as there have been instances of defects being observed in applications received at the final stage i.e., post-shareholder approval. In some of those cases, listed entities had to go back to the board and shareholders again for fresh approvals. Therefore, it is proposed to introduce the requirement of obtaining no-objection from stock exchanges at an earlier stage, which shall be given in a time-bound manner, and do away with the requirement of final approval by Exchanges. This shall also considerably reduce the total time taken for effecting the reclassification. However, if there are changes in the facts and circumstances after NOC, the listed entity to seek Stock Exchange's approval at the end.
- b) With respect to the suggestion on automatic reclassification of entities whose holding becomes zero, the Committee noted that the regulations provide for a simpler framework of reclassification of entities holding less than 1% voting rights in the listed entity. Therefore, this suggestion has not been accepted.
- c) The Committee did not agree with the suggestion that shareholder approval for reclassification of entities with insignificant holdings may be taken at next AGM as it would affect the rights of a person or entity to get reclassified in a time-bound manner.
- d) With respect to the suggestion on listed entities being permitted to initiate reclassification of non-traceable promoters, the Committee noted that such relaxations may be prone to misuse and it would be difficult for Exchanges to conclude that a promoter or promoter group entity is non-traceable. Therefore, the Committee suggested that such instances may be dealt on a case-case basis instead of carving out a separate framework in the Regulations.
- e) Thresholds: The Committee deliberated the suggestions received on relaxing the voting thresholds at length and decided to retain the threshold at 10%. The Committee also noted that any relaxation in the thresholds would allow promoter or promoter group entities to get reclassified as a public shareholder in order to escape the scrutiny of transactions which would otherwise have been classified as related party transactions.

#### 8.5. Suggested text of the amendment:

- a) The suggested amendments to regulation 31A of the LODR Regulations is given below:

Existing provisions	Suggested changes
<p>(2) Re-classification of the status of any person as a promoter or public shall be permitted by the stock exchanges only upon receipt of an application from the listed entity along with all relevant documents subject to compliance with conditions specified in these regulations;</p> <p>Provided that in case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly decide on the application.</p>	<p><del>(2) Re-classification of the status of any person as a promoter or public shall be permitted by the stock exchanges only upon receipt of an application from the listed entity along with all relevant documents subject to compliance with conditions specified in these regulations;</del></p> <p><del>Provided that in case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly decide on the application.</del></p>
<p>(3) Reclassification of status of a promoter to public shall be permitted by the stock exchanges only upon satisfaction of the following conditions:</p> <p>(a) an application for reclassification has been made by the listed entity to the stock exchanges within thirty days from the date of approval by shareholders in general meeting after ensuring that the following procedural requirements have been fulfilled:</p> <p>(i) the promoter(s) seeking reclassification has made a request for reclassification to the listed entity along with a rationale for the same and a description as to how the conditions specified in clause (b) of sub-regulation (3) of this regulation are satisfied;</p> <p>(ii) the board of directors of the listed entity has analyzed such request in the immediately next board meeting or within three months from the date of receipt of the request from its promoter(s), whichever is earlier and has placed the same before the shareholders in a general meeting for approval along with the views of the board of directors on the request:</p> <p>Provided that there shall be a time gap of at least one month but not exceeding three months between the dates of the board meeting and the shareholders' meeting considering the request of the promoter(s) seeking reclassification.</p> <p>(iii) the request of the promoter(s) seeking reclassification has been approved in the general meeting by an ordinary resolution in which the promoter(s) seeking reclassification and the persons related to him/her/it have not voted to approve such reclassification request:</p>	<p>(3) Reclassification of status of a promoter to public shall be <del>permitted by the stock exchanges only upon satisfaction of</del> subject to the following conditions:</p> <p>(a) <del>an application for reclassification has been made by the listed entity to the stock exchanges within thirty days from the date of approval by shareholders in general meeting after ensuring that</del> Fulfillment of the following requirements <del>have been are to be fulfilled:</del></p> <p>(i) the promoter(s) seeking reclassification <del>has</del> shall make a request for reclassification to the listed entity along with a rationale for the same and a description as to how the conditions specified in clause (b) of sub-regulation (3) of this regulation are satisfied;</p> <p>(ii) the board of directors of the listed entity <del>has shall analyzed</del> such request and give their views in the immediately next board meeting or within <del>three</del> two months from the date of receipt of the request from its promoter(s), whichever is earlier;</p> <p>(iii) The listed entity shall submit an application seeking no-objection of the recognized stock exchanges for such reclassification request along with the views of the board within 5 days of consideration of the request by the board of directors:</p> <p>Provided that recognized stock exchanges shall decide on such application(s) within a period of 30 days, excluding the time taken, if any, by the listed entity to respond to queries of stock exchanges, from the date of receipt of the application:</p> <p>Provided further that in case of entities listed on more than one recognized stock exchange, the concerned stock exchanges shall jointly decide on the application.</p>

<p>Provided that the provisions of this sub-clause shall not apply in cases:</p> <p>(a) where the promoter(s) seeking reclassification and persons related to the promoter(s) seeking reclassification, together, do not hold more than one percent of the total voting rights in the listed entity;</p> <p>(b) where reclassification is pursuant to a divorce.</p>	<p>(iv) The listed entity <del>and has</del> shall place the <del>same</del> reclassification request before the shareholders in a general meeting for approval, <del>within 60 days of receipt of no-objection from recognized stock exchanges</del>, along with the views of the board of directors on the request <del>and the no-objection received from the recognized stock exchanges</del>:</p> <p><del>Provided that there shall be a time gap of at least one month but not exceeding three months between the dates of the board meeting and the shareholders' meeting considering the request of the promoter(s) seeking reclassification.</del></p> <p>(iii) <del>Provided that</del> the request of the promoter(s) seeking reclassification <del>has</del> shall be <del>en</del> approved in the general meeting by an ordinary resolution in which the promoter(s) seeking reclassification and the persons related to him/her/it <del>have</del> shall not vote <del>d</del> to approve such reclassification request:</p> <p>Provided <del>further</del> that the provisions of this sub-clause shall not apply in cases:</p> <p>(a) where the promoter(s) seeking reclassification and persons related to the promoter(s) seeking reclassification, together, do not hold more than one percent of the total voting rights in the listed entity;</p> <p>(b) where reclassification is pursuant to a divorce.</p> <p>(v) The listed entity shall notify the stock exchanges within 5 days of obtaining shareholder approval and effect the reclassification:</p> <p>Provided that the listed entity shall seek approval of the recognized stock exchanges for effecting reclassification if there are changes in the facts and circumstances of the case after receipt of no-objection from the recognized stock exchanges.</p>
<p>(5) If any public shareholder seeks to re-classify itself as promoter, it shall be required to make an open offer in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.</p>	<p>(5) If any public shareholder seeks to re-classify itself as promoter, it shall be required to make an open offer in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 <del>and the intention to get reclassified as a promoter shall be disclosed in the letter of offer.</del></p>



<p>(8) The following events shall deemed to be material events and shall be disclosed by the listed entity to the stock exchanges as soon as reasonably possible and not later than twenty four hours from the occurrence of the event:</p> <p>(a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;</p> <p>(b) minutes of the board meeting considering such request which would include the views of the board on the request;</p> <p>(c) submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges;</p> <p>(d) decision of the stock exchanges on such application as communicated to the listed entity;</p>	<p>(8) The following events shall deemed to be material events and shall be disclosed by the listed entity to the stock exchanges as soon as reasonably possible and not later than twenty four hours from the occurrence of the event:</p> <p>(a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;</p> <p>(b) <del>minutes</del> <b>outcome</b> of the board meeting considering such request which would include the views of the board on the request;</p> <p>(c) submission of <b>an</b> application <b>seeking no-objection of the recognized stock exchanges</b> for re-classification of status as <del>promoter</del> public by the listed entity to the stock exchanges;</p> <p>(d) decision of the stock exchanges on such application as communicated to the listed entity;</p> <p><b>(e) approval of shareholders on the request of the promoters seeking reclassification as public within the timelines specified in sub-regulation (3) of regulation 44.</b></p>
<p>(9) The provisions of sub-regulations (3), (4) and clauses (a) and (b) of sub-regulation (8) of this regulation shall not apply if reclassification of promoter(s) is as per the resolution plan approved under section 31 of the Insolvency Code or pursuant to an order of a Regulator under any law subject to the condition that such promoter(s) seeking reclassification shall not remain in control of the listed entity.</p>	<p>(9) The provisions of sub-regulations (3), (4) and <del>clauses (a) and (b) of</del> sub-regulation (8) of this regulation shall not apply if reclassification of promoter(s) is as per the resolution plan approved under section 31 of the Insolvency Code or pursuant to an order of a Regulator under any law subject to the condition that (i) such promoter(s) seeking reclassification shall not remain in control of the listed entity; (ii) <b>disclosure of the resolution plan or order of the Regulator within 24 hours along with an intimation that the existing promoter(s) would cease to be part of the promoter / promoter group of the listed entity.</b></p>
<p>(10) In case of reclassification pursuant to an open offer or a scheme of arrangement, the provisions of clause (a) of sub-regulation (3) and clauses (a) and (b) of sub-regulation (8) of this regulation shall not apply if the intent of the erstwhile promoter(s) to reclassify has been disclosed in the letter of offer or scheme of arrangement:</p> <p>Provided that the provisions of clause (c)(i) of sub-regulation (3) of this regulation shall not apply in case of reclassification pursuant to an open offer.</p>	<p>(10) In case of reclassification pursuant to an open offer or a scheme of arrangement, the provisions of clause (a) of sub-regulation (3) and <del>clauses (a) and (b) of</del> sub-regulation (8) of this regulation shall not apply if the intent of the erstwhile promoter(s) to reclassify has been disclosed in the letter of offer or scheme of arrangement <b>and subject to (i) compliance with clause (b) and (c) of sub-regulation (3) of this regulation and (ii) disclosure of reclassification within 24 hours of completion of open offer or scheme of arrangement:</b></p> <p>Provided that the provisions of clause (c)(i) of sub-regulation (3) of this regulation shall not apply in case of reclassification pursuant to an open offer.</p> <p><b>Explanation I: For the purpose of this sub-regulation, completion of open offer shall mean:</b></p> <p><b>(i) the date of actual transfer of shares from the promoter seeking reclassification to the new acquirer (or)</b></p> <p><b>(ii) the date on which the new acquirer takes control of the listed entity, whichever is later.</b></p> <p><b>Explanation II: For the purpose of this sub-regulation, completion of scheme of arrangement</b></p>

	shall mean the date on which shares are credited to all eligible shareholders of the listed entity or the transferee entity or the resulting entity in terms of the approved scheme.
--	--

- b) Section VII-A on SEBI Master circular dated July 11, 2023 related to non-compliance with certain provisions of the LODR Regulations and the Standard Operating Procedure for suspension and revocation of trading of specified securities to be suitably amended for delay in compliance with regulation 31A(3)(b)(ii) of the LODR Regulations. The draft changes to para 6.1 (Sl.no.19) of Section VII-A of the Master Circular is given below:

Existing provisions			Suggested changes		
<b>Regulation 31A(3)(a)</b>	Rs. 5,000 per day		<b>Regulation 31A(3)(a)(ii) / (iii) / (iv) / (v)</b>	Rs. 5,000 per day	
Non-compliance pertaining to delay in submission of reclassification application to stock exchanges			Non-compliance pertaining to <del>delay in submission</del> requirements for <del>of</del> reclassification application <del>to</del> stock exchanges		

## 9. Obligation for disclosure of information to the listed entity

- 9.1. Existing provisions and issues observed: The LODR Regulations casts the obligation on a listed entity to disclose the shareholding pattern on a quarterly basis and related party transactions on a half-yearly basis. However, there is no specific obligation on promoter(s), directors, key managerial personnel to the following effect:
- On directors and KMPs to disclose their relatives (necessary to identify the related parties);
  - On promoters to disclose their relatives and interest in other body corporates, firms and other legal structures.
  - For KMPs to disclose their interest in other body corporates, firms and other legal structures.
- 9.2. In the absence of such obligations, the Committee noted that listed entities face difficulties in ensuring accuracy of disclosures. The listed entity relies on the information and confirmations provided by a promoter/ director / KMP with respect to disclosures on promoter group and related parties. However, incorrect disclosures by a listed entity has penal consequences even if it is as a result of non-receipt / receipt of incorrect information from its promoters / directors / KMPs.
- 9.3. Recommendations: It is, therefore, proposed to insert a new sub-regulation which shall cast obligation on the promoter, directors and KMPs to disclose all information that is relevant and necessary for the listed entity to ensure compliance with applicable laws. This shall help the listed entity in making accurate disclosures as required under the LODR Regulations and other applicable laws and also help the shareholders with accurate information about the listed entity.
- 9.4. Suggested text of the amendment: The suggested amendments to regulation 5 of the LODR Regulations is given below:

Existing provisions	Suggested changes
5. The listed entity shall ensure that key managerial personnel, directors, promoters or any other person dealing with the listed entity, complies with responsibilities or obligations, if any, assigned to them under these regulations.	5. The listed entity shall ensure that key managerial personnel, directors, promoters or any other person dealing with the listed entity, complies with responsibilities or obligations, if any, assigned to them under these regulations:  <b>Provided that the key managerial personnel, directors, promoter, promoter group or any other person dealing with the listed entity shall disclose to the listed entity all information that is relevant and necessary for the listed entity to ensure compliance with applicable laws.</b>

## CHAPTER IV: RELATED PARTY TRANSACTIONS

### 10. Definition of related party transaction

10.1. Existing provisions: As per regulation 2(1)(zc) of LODR Regulations, the following transactions are exempted from the definition of RPT:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under ICDR Regulations;
- b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public.

10.2. Suggestions received: The suggestions received were as follows:

- a) Corporate actions by the listed entity, which are uniformly applicable/offered to all shareholders in proportion to their shareholding, are not considered as RPT. Similar exemption should also be given for such corporate actions by the subsidiaries of the listed entity.
- b) The exemption from the definition of RPT given to fixed deposit in case of banking companies may also be extended to savings accounts and current account transactions.
- c) Routine transactions at card rates (i.e. rates which are uniformly offered to all the customers) / arm's length pricing may be exempted from the related party norms, provided such transactions are on arm's length basis and in the ordinary course of business.

10.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends that the following may be exempted from the definition of RPT under regulation 2(1)(zc) of LODR:

- a) 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.
- b) 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.
- c) Retail purchases from the 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 directors and employees.

10.4. Rationale:

- a) 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.

- b) 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.
- c) 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.

10.5. Suggested text of the amendment: The proposed amendments to the first proviso to regulation 2(1)(zc) of LODR are given below:

Existing provisions	Suggested changes
<p>2(1) (zc)</p> <p>...</p> <p>Provided that the following shall not be a related party transaction:</p> <p>(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;</p> <p>(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:</p> <ul style="list-style-type: none"> <li>i. payment of dividend;</li> <li>ii. subdivision or consolidation of securities;</li> <li>iii. issuance of securities by way of a rights issue or a bonus issue; and</li> <li>iv. buy-back of securities.</li> </ul> <p>(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:</p> <p>...</p>	<p>2(1) (zc)</p> <p>...</p> <p>Provided that the following shall not be a related party transaction:</p> <p>(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;</p> <p>(b) the following corporate actions <del>by the listed entity</del> which are uniformly applicable/offered to all shareholders in proportion to their shareholding:</p> <ul style="list-style-type: none"> <li>i. payment of dividend;</li> <li>ii. subdivision or consolidation of securities;</li> <li>iii. issuance of securities by way of a rights issue or a bonus issue; and</li> <li>iv. buy-back of securities.</li> </ul> <p>(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;</p> <p><b>(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India from time to time;</b></p> <p><b>(e) 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></p> <p>...</p>

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

11.1. Existing provisions: Prior approval of the audit committee of the listed entity is required for all RPTs to which the listed entity is a party as per regulation 23(2) of LODR Regulations. RPTs to which the unlisted subsidiary of a listed entity is a party but the listed entity is not a party also require prior approval of the audit committee of the listed entity if the value of such transaction exceeds the threshold specified in second proviso to regulation 23(2) of LODR Regulations.

11.2. Suggestions received: The suggestions received were as follows:

- a) Remuneration to Directors and Key Managerial Personnel (“**KMP**”) may be excluded from the purview of RPTs.
- b) Ratification of transactions which exceed the omnibus approval limit, within a specified timeline, should be permitted.

11.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends the following:

- a) 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.
- b) 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.
  - 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.

11.4. Rationale:

- a) 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.

- b) 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.

11.5. Suggested text of the amendment: The proposed amendments to the second proviso to Regulation 23(2) of LODR are given below:

<b>Existing provisions</b>	<b>Suggested changes</b>
<p>23(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:</p> <p>Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.</p> <p>Provided further that:</p> <p>(a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;</p> <p>(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;</p> <p>(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;</p>	<p>23(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:</p> <p>Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.</p> <p>Provided further that:</p> <p>(a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;</p> <p>(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;</p> <p>(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;</p>

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

(e) 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 promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

(f) The members of the audit committee, who are independent directors, may ratify related party transactions within three 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 the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore.
- (ii) the transaction is not material as per sub-regulation (1) of this regulation.
- (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 disclosures of related party transactions under sub-regulation (9) of this regulation.
- (v) any other condition as specified by the audit committee.

Provided that 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.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit



	committee of the listed subsidiary shall suffice.
--	---

As part of the details of ratification to be disclosed along with the disclosures of RPTs under Regulation 23(9) of LODR, value of RPT ratified by the audit committee may be required to 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).

## 12. Omnibus approval of RPTs by the audit committee

- 12.1. Existing provisions: As per Regulation 23(3) of LODR Regulations, audit committee may grant omnibus approval for RPTs proposed to be entered into by the listed entity subject to conditions specified therein.
- 12.2. Suggestion received: It should be clarified that the provisions prescribed under Regulation 23(3) of LODR with respect to omnibus approval by Audit Committee for RPTs of the listed entity, will also be applicable for the RPTs proposed to be entered into by subsidiaries of the listed entity.
- 12.3. Recommendation and rationale: After taking into consideration the suggestion received, the Committee recommends that 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.
- 12.4. Suggested text of the amendment: The suggested amendment to be brought under Regulation 23(3) of LODR is given below:

Existing provisions	Suggested changes
<p>23(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-</p> <p>(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;</p> <p>(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;</p> <p>(c) the omnibus approval shall specify:</p> <p>(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,</p> <p>(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and</p> <p>(iii) such other conditions as the audit committee may deem fit:</p> <p>Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.</p>	<p>23(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity <b>or its subsidiary</b> subject to the following conditions, namely-</p> <p>(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;</p> <p>(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;</p> <p>(c) the omnibus approval shall specify:</p> <p>(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,</p> <p>(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and</p> <p>(iii) such other conditions as the audit committee may deem fit:</p> <p>Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.</p>

<p>(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.</p> <p>(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:</p>	<p>(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity <b>or its subsidiaries</b> pursuant to each of the omnibus approvals given.</p> <p>(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.÷</p>
---	---

### 13. Exemption from approval requirements for RPTs

- 13.1. Existing provisions: Regulation 23(5) of LODR Regulations exempt the requirement to seek approval of the audit committee and shareholders in case of transactions entered into between two government companies, transactions entered into between a holding company and its wholly owned subsidiary (“WOS”) and transactions entered into between two WOS of a listed holding company.
- 13.2. Suggestions received: The suggestions received were as follows:
- a) In case the Government holds more than 10% shares in a company, which is not a government company, the Government shall be treated as related party of the company in terms of Regulation 2(1)(zb) of LODR and all transactions with the Government shall be treated as RPTs and subjected to approval requirements. However, some transactions could be in the form of statutory payments such as payment of tax, license fee, spectrum usage charges, etc. Such transactions should be exempted from approval requirements as they are statutory obligations of a company.
  - b) Public Sector Banks (PSBs) are body corporates constituted under special statute and do not fall under the purview of definition of ‘government company’ under the Companies Act, 2013. Considering that PSBs are controlled by the Government, the exemption under Regulation 23(5) which is applicable to ‘government companies’ should also be applicable to PSBs.
- 13.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends that the following transactions may be exempted from the approval requirements for RPTs:
- a) Payment of statutory dues, fees or charges to the Central Government and/or any State Government.
  - b) Transactions entered into between two public sector companies (including government companies).
  - c) 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.
- 13.4. Rationale:
- a) 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.
  - b) 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.
  - c) 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.

13.5. Suggested text of the amendment: The suggested amendment to be brought under Regulation 23(3) of LODR is given below as:

Existing provisions	Suggested changes
<p>23(5) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:</p> <p>(a) transactions entered into between two government companies;</p> <p>(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>Explanation. - For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.</p>	<p>23(5) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:</p> <p>(a) transactions entered into between two <del>government</del> public sector companies;</p> <p>(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.</p> <p>(e) 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.</p> <p>Explanation. - For the purpose of clause (a) and (e), "<del>government</del> public sector company(ies)" means <del>Government</del> public sector company as defined in <del>sub-section (45)</del> clause (da) of <del>section</del> rule 2 of the <del>Companies Act, 2013</del> Securities Contracts (Regulation) Rules, 1957.</p>

## 14. Half-yearly disclosure of RPTs

- 14.1. Existing provisions: Disclosure of RPTs is required half-yearly under regulation 23(9) of LODR Regulations as per the format specified 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).
- 14.2. Suggestion received: Remuneration to Directors and KMP may be excluded from the purview of RPT.
- 14.3. Recommendation: After taking into consideration the suggestion received, the Committee recommends that 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.
- 14.4. 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.
- 14.5. Suggested text of the amendment: The suggested amendment to be brought under Regulation 23(3) of LODR is given below as:

<b>Existing provisions</b>	<b>Suggested changes</b>
23(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:	23(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:
Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year:	Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year:
Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:	Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:
Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and	Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and

consolidated financial results with effect from April 1, 2023.	consolidated financial results with effect from April 1, 2023.  Provided further that 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 promoter or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.
--	--

## CHAPTER V: DISCLOSURE OF MATERIAL EVENTS OR INFORMATION UNDER REGULATION 30

### 15. Timeline for disclosure of material events or information

15.1. Existing provisions: The requirements relating to the timelines of disclosure of material events or information are given below:

- a) Regulation 30(6) of LODR, *inter-alia*, requires listed entities to disclose material events within thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken.
- b) Sub-para 4 of Para A of Part A of Schedule III of LODR ("**Para A**") requires the listed entity to disclose outcome of the board meeting for certain matters specified therein within 30 minutes of the closure of the meeting. Further, financial results are required to be disclosed within thirty minutes of end of the meeting for the day it has been considered.
- c) Sub-para 8 of Para B of Part A of Schedule III of LODR ("**Para B**") requires disclosure of litigation(s) or dispute(s). As per Annexure II of SEBI Circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 ("**Circular dated July 13, 2023**"), the aforesaid information is required to be disclosed within twenty-four hours.

15.2. Suggestions received: The suggestions received were as follows:

- a) Timeline for disclosure of information relating to the outcome of meetings of the board of directors may be increased from 30 minutes to 1-3 hours and this should apply only for events for which a pre-board meeting intimation has been provided. The timeline may be increased when the conclusion of the meeting of the board of directors is after the close of trading hours.
- b) In cases where assessment of materiality is required for events such as claims made against the listed entity, extended timeline of 72 hours may be provided for disclosure of such event / information.

15.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends the following:

- a) 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 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)

- b) 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.

15.4. Rationale:

- a) 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.
- b) 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.

- 15.5. Suggested text of the amendment: The proposed changes to regulation 30(6), Para A and Para B of Part A of Schedule III of the LODR Regulations and Annexure II of SEBI Circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 are given below:

Existing provisions	Suggested changes
<p>30(6) The listed entity shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:</p> <p>(i) thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken.</p> <p>(ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity.</p> <p>(iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.</p>	<p>30(6) The listed entity shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:</p> <p>(i) thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken.</p> <p><b>Provided that if the meeting of the board of directors closes after normal trading hours but more than three hours before the beginning of the next normal trading hours, then the listed entity shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting:</b></p>

<p>Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines:</p> <p>Provided further that in case the disclosure is made after the timelines specified under this regulation, the listed entity shall, along with such disclosure provide the explanation for the delay.</p>	<p>Provided further that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of the meeting for the day on which it has been considered.</p> <p>(ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity.</p> <p>(iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.</p> <p>Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines:</p> <p>Provided further that in case the disclosure is made after the timelines specified under this regulation, the listed entity shall, along with such disclosure provide the explanation for the delay.</p> <p>Explanation: Normal trading hours shall mean time period for which the recognized stock exchanges are open for trading for all investors.</p>
<p style="text-align: center;"><b>SCHEDULE III</b></p> <p><b>PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES</b></p> <p>The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):</p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <ol style="list-style-type: none"> <li>a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;</li> <li>b) any cancellation of dividend with reasons thereof;</li> <li>c) the decision on buyback of securities;</li> <li>d) the decision with respect to fund raising proposed to be undertaken</li> <li>e) increase in capital by issue of bonus shares through capitalization including</li> </ol>	<p style="text-align: center;"><b>SCHEDULE III</b></p> <p><b>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES</b></p> <p>The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):</p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), <del>within 30 minutes of the closure of the meeting,</del> <b>outcome of meetings of the board of directors</b> held to consider the following:</p> <ol style="list-style-type: none"> <li>a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;</li> <li>b) any cancellation of dividend with reasons thereof;</li> <li>c) the decision on buyback of securities;</li> <li>d) the decision with respect to fund raising proposed to be undertaken</li> </ol>

<p>the date on which such bonus shares shall be credited/dispatched;</p> <p>f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;</p> <p>g) short particulars of any other alterations of capital, including calls;</p> <p>h) financial results;</p> <p>i) decision on voluntary delisting by the listed entity from stock exchange(s):</p> <p>Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.</p> <p>...</p> <p><b>B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.</p> <p>...</p>	<p>e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;</p> <p>f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;</p> <p>g) short particulars of any other alterations of capital, including calls;</p> <p>h) financial results;</p> <p>i) decision on voluntary delisting by the listed entity from stock exchange(s):</p> <p><del>Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.</del></p> <p>...</p> <p><b>B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.</p> <p><b>Provided that in case claims are made against the listed entity, the litigation or dispute shall be disclosed to the stock exchanges within seventy-two hours.</b></p> <p>...</p>
--	---

Annexure II of Circular dated July 13, 2023 on timelines for disclosure of material events or information may be suitably modified in line with the above suggested changes in the LODR Regulations.

## 16. Disclosure of acquisition by listed entities

16.1. Existing provisions: Acquisition of shares or voting rights in a company, whether directly or indirectly, is required under sub-para (1) of Para A, provided such acquisition results in:

- a) holding shares or voting rights in aggregate to five percent or more of the shares or voting rights of the investee company; or
- b) there has been a change in holding from the last disclosure made and such change exceeds two percent of the total shareholding or voting rights; or
- c) the cost of acquisition or the price at which the shares are acquired exceeds materiality threshold specified under regulation 30(4)(i)(c) of LODR.

Annexure I of Circular dated July 13, 2023 specifies the details to be provided along with disclosure of material events or information, including acquisition by the listed entities.

16.2. Suggestions received: The suggestions received were as follows:

- a) The threshold prescribed for disclosure of acquisition of shares, particularly in unlisted entities, may be increased to at least 10% of shares / voting rights.
- b) There should be specific format for disclosure of incorporation of a company.

16.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends the following:

- a) Disclosure of acquisition 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).
- b) 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.

16.4. Rationale:

- a) 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. 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.

- b) The details which are required to be disclosed along with disclosure of acquisition of a company as per Annexure I to Circular 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.

16.5. Suggested text of the amendment: The proposed changes to sub-para 1 of Para A and Annexure I of Circular dated July 13, 2023 are given below:

Existing provisions	Suggested changes
<p style="text-align: center;"><b>SCHEDULE III</b></p> <p>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s);</p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.</p> <p>Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-</p> <p>(i) acquiring control, whether directly or indirectly; or</p> <p>(ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –</p> <p>(a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company; or</p> <p>(b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or</p>	<p style="text-align: center;"><b>SCHEDULE III</b></p> <p>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s);</p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.</p> <p>Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-</p> <p>(i) acquiring control, whether directly or indirectly; or</p> <p>(ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –</p> <p>(a) the listed entity holds shares or voting rights aggregating to <del>five</del><b>twenty</b> per cent or more of the shares or voting rights in the said company; or</p> <p>(b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-paragraph and such change exceeds <del>two</del><b>five</b> per cent of the total shareholding or voting rights in the said company; or</p>

<p>(c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.</p> <p>Explanation (2) - For the purpose of this subparagraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-</p> <p>(i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or</p> <p>(ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.</p> <p>Explanation (3)- For the purpose of this subparagraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.</p>	<p><b>Provided that acquisition of shares or voting rights aggregating to five percent or more of the shares or voting rights in an unlisted company and any change in holding from the last disclosure made under this proviso exceeding two per cent of the total shareholding or voting rights in the said unlisted company shall be disclosed on a quarterly basis.</b></p> <p>(c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.</p> <p>Explanation (2) - For the purpose of this subparagraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-</p> <p>(i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or</p> <p>(ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.</p> <p>Explanation (3)- For the purpose of this subparagraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.</p>
<p style="text-align: center;">Circular dated July 13, 2023 ANNEXURE I <u>DETAILS TO BE PROVIDED WHILE DISCLOSING EVENTS GIVEN IN PART A OF SCHEDULE III OF THE LODR REGULATIONS</u></p> <p><u>A. Details which a listed entity needs to disclose for the events that are deemed to be material as specified in Para A of Part A of Schedule III of the LODR Regulations</u></p> <p>1.Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in the associate company of the listed entity or any other restructuring:</p> <p>1.1. Acquisition (including agreement to acquire):</p>	<p style="text-align: center;">Circular dated July 13, 2023 ANNEXURE I <u>DETAILS TO BE PROVIDED WHILE DISCLOSING EVENTS GIVEN IN PART A OF SCHEDULE III OF THE LODR REGULATIONS</u></p> <p><u>A. Details which a listed entity needs to disclose for the events that are deemed to be material as specified in Para A of Part A of Schedule III of the LODR Regulations</u></p> <p>1.Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in the associate company of the listed entity or any other restructuring:</p> <p>1.1. Acquisition (including agreement to acquire):</p>

<p>a) name of the target entity, details in brief such as size, turnover etc.;</p> <p>b) whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arm’s length”;</p> <p>c) industry to which the entity being acquired belongs;</p> <p>d) objects and impact of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);</p> <p>e) brief details of any governmental or regulatory approvals required for the acquisition;</p> <p>f) indicative time period for completion of the acquisition;</p> <p>g) consideration -whether cash consideration or share swap or any other form and details of the same;</p> <p>h) cost of acquisition and/or the price at which the shares are acquired;</p> <p>i) percentage of shareholding / control acquired and / or number of shares acquired;</p> <p>j) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);</p> <p>...</p>	<p>a) name of the target entity, details in brief such as size, turnover etc.;</p> <p>b) whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arm’s length”;</p> <p>c) industry to which the entity being acquired belongs;</p> <p>d) objects and impact of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);</p> <p>e) brief details of any governmental or regulatory approvals required for the acquisition;</p> <p>f) indicative time period for completion of the acquisition;</p> <p>g) consideration - whether cash consideration or share swap or any other form and details of the same;</p> <p>h) cost of acquisition and/or the price at which the shares are acquired;</p> <p>i) percentage of shareholding / control acquired and / or number of shares acquired;</p> <p>j) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);</p> <p>1.2. Acquiring or agreement to acquire 'to be incorporated' companies:</p> <p>a) name of the entity, date &amp; country of incorporation, etc.;</p> <p>b) name of holding company of the incorporated company and relation with the listed entity;</p> <p>c) industry to which the entity being incorporated belongs;</p> <p>d) brief background about the entity incorporated in terms of products / line of business;</p> <p>e) brief details of any governmental or regulatory approvals required for the incorporation;</p> <p>f) nature of consideration - whether cash consideration or share swap and details of the same;</p> <p>g) cost of subscription / price at which the shares are subscribed;</p> <p>h) percentage of shareholding / control by the listed entity and / or number of shares allotted;</p> <p>...</p>
---	--

The proposed format for quarterly disclosure of acquisition of shares or voting rights in an unlisted company, aggregating to 5% or any subsequent change in holding exceeding 2%, as part of the Integrated Filing (Governance) is given below:

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



## 17. Disclosure of tax litigations or disputes

- 17.1. Existing provisions: Sub-para (8) of Para B read with the corresponding provisions of Annexure I to the Circular dated July 13, 2023 requires listed entities to disclose the information regarding any litigation, assessment, adjudication, arbitration or dispute which may have an impact on the listed entity. Further, in case the amount involved in ongoing litigations or disputes with an opposing party become material on a cumulative basis, then the same is also required to be disclosed to the stock exchange(s). Sub-para (20) of Para A requires listed entities to action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body.
- 17.2. Suggestions received: The suggestions received were as follows:
- A listed entity may be required to pay fine/penalty under Income Tax Act, GST Act, labour laws as part of ordinary course of business and the requirement to disclose all such penalties will result in spamming the investors will all such penalties and fines. Carve out may be provided for specific authorities for better information to the investors.
  - The tax demands and tax disputes are highly litigated area and is generally over turned by higher authorities; disclosing such premature information will create confusion and at each stage of appeal there is a trigger of continual disclosure which is unwarranted.
- 17.3. Recommendations 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. 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 Circular 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:
- Disclosure of new tax litigations or disputes within 24 hours.
  - Quarterly updates, as part of the Integrated Filing (Governance), on existing tax litigations or disputes.
  - Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.
- 17.4. Suggested text of the amendment: Annexure I of the Circular dated July 13, 2023 may be modified as follows:

<b>Existing provisions</b>	<b>Suggested changes</b>
<u>B. Details which a listed entity need to disclose for events on which the listed entity shall apply materiality in terms of Para B of Part A of Schedule III of the LODR Regulations</u> .....	<u>B. Details which a listed entity need to disclose for events on which the listed entity shall apply materiality in terms of Para B of Part A of Schedule III of the LODR Regulations</u> .....

<p><b>8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity:</b> The listed entity shall notify the stock exchange(s) upon it or its director or its key management personnel or its senior management or its promoter or its subsidiary becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the listed entity, the outcome of which can reasonably be expected to have an impact. In case the amount involved in ongoing litigations or disputes with an opposing party become material on a cumulative basis, then the same shall also be required to be disclosed to the stock exchange(s).</p> <p>...</p>	<p><b>8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity:</b> The listed entity shall notify the stock exchange(s) upon it or its director or its key management personnel or its senior management or its promoter or its subsidiary becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the listed entity, the outcome of which can reasonably be expected to have an impact. In case the amount involved in ongoing litigations or disputes <del>with an opposing party</del> become material on a cumulative basis, then the same shall also be required to be disclosed to the stock exchange(s).</p> <p>Explanation - Tax litigations or disputes, including demand notices, penalties, etc., shall be disclosed under sub-para 8 of Para B based on application of criteria for materiality in the following manner:</p> <ul style="list-style-type: none"> <li>(i) Disclosure of new tax litigations or disputes within twenty-four hours.</li> <li>(ii) Quarterly updates on existing tax litigations or disputes.</li> <li>(iii) Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.</li> </ul> <p>...</p>
--	---

The proposed format for disclosure of quarterly updates to tax litigations or disputes as part of 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

## 18. Disclosure of imposition of penalty

18.1. Existing provisions: Sub-para (20) of Para A requires listed entities to disclose penalties imposed by authorities.

18.2. Suggestions received: The suggestions received were as follows:

- a) Disclosure of imposition of fine or penalty should be moved to Para B.
- b) The listed entity should have the flexibility to determine the monetary limit as part of materiality policy where fines/penalties exceeding the said threshold will require disclosure.

18.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends the following:

- a) 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.
- b) 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.
- c) A higher threshold of Rs. 10 lacs may be specified for disclosure of the penalties levied by other authorities within 24 hours.
- d) 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.

18.4. Rationale:

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

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.

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%

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 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%

18.5. Suggested text of the amendment: The proposed changes to sub-para (20) of Para A are given below:

Existing provisions	Suggested changes
<p style="text-align: center;"><b>SCHEDULE III</b></p> <p><u>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES</u>  <u>The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):</u></p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>(20) Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:</p> <p>(a) suspension;</p> <p>(b) imposition of fine or penalty;</p> <p>(c) settlement of proceedings;</p> <p>(d) debarment;</p> <p>(e) disqualification;</p> <p>(f) closure of operations;</p> <p>(g) sanctions imposed;</p> <p>(h) warning or caution; or</p> <p>(i) any other similar action(s) by whatever name called;</p> <p>along with the following details pertaining to the actions(s) initiated, taken or orders passed:</p> <p>a) name of the authority;</p> <p>b) nature and details of the action(s) taken, initiated or order(s) passed;</p> <p>c) date of receipt of direction or order, including any ad-interim or interim orders, or any other communication form the authority;</p> <p>d) details of the violation(s)/contravention(s) committed or alleged to be committed;</p> <p>e) impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.</p>	<p style="text-align: center;"><b>SCHEDULE III</b></p> <p><u>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES</u>  <u>The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):</u></p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>(20) Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:</p> <p>(a) suspension;</p> <p>(b) imposition of fine or penalty;</p> <p>(c) settlement of proceedings;</p> <p>(d) debarment;</p> <p>(e) disqualification;</p> <p>(f) closure of operations;</p> <p>(g) sanctions imposed;</p> <p>(h) warning or caution; or</p> <p>(i) any other similar action(s) by whatever name called;</p> <p>along with the following details pertaining to the actions(s) <del>initiated</del>, taken or orders passed:</p> <p>a) name of the authority;</p> <p>b) nature and details of the action(s) taken, <del>initiated</del> or order(s) passed;</p> <p>c) date of receipt of direction or order, including any ad-interim or interim orders, or any other communication form the authority;</p> <p>d) details of the violation(s)/contravention(s) committed or alleged to be committed;</p> <p>e) impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.</p>

...	<p>Explanation – Imposition of penalty shall be disclosed in the following manner along with the details pertaining to the action(s) taken or orders passed as mentioned in the sub-paragraph:</p> <p>(i) disclosure of penalty imposed by sectoral regulator or enforcement agency which amount to rupees ten thousand or more and penalty imposed by other authority or judicial body which amount to rupees ten lakhs or more within twenty-four hours.</p> <p>(ii) disclosure of penalty imposed during the last quarter which are lower than the monetary thresholds specified above on a quarterly basis.</p> <p>...</p>
-----	--

The proposed format, as part of the Integrated Filing (Governance), for quarterly disclosure of penalty imposed during the last quarter which have not been disclosed within 24 hours 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

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

- 19.1. Existing provisions: The requirements relating to disclosure of outcome of meetings of the board of directors, fraud or defaults by listed entity and its personnel, and initiation of forensic audit are given under as:
- a) The listed entity is required to disclose to the stock exchanges, the outcome of the board meeting held to consider, inter-alia, fund raising (sub-para (4) of Para A).
  - b) The listed entity is required to disclose information pertaining to fraud or defaults by a listed entity, promoter, director, KMP, senior management, or subsidiary, whether occurred within India or abroad (sub-para (6) of Para A).
  - c) The listed entity is required to disclose to the stock exchanges the fact of initiation of forensic audit and final forensic audit report (sub-para (17) of Para A).
- 19.2. Suggestions received: The suggestions received were as follows:
- a) For sub-para (4) of Para A, it is suggested to insert an explanation regarding the scope of fund raising, specifically clarifying that any fund raising which is in the normal course of business such as, bank borrowings should be excluded from disclosure.
  - b) Clarification with respect to the term 'fraud' and the threshold point for disclosing it to the exchanges should be provided. It is suggested to remove senior management from the ambit of this disclosure requirement.
  - c) The requirement to disclose forensic audit may be restricted to forensic audit initiated by any of the regulatory or quasi-government authorities and to instances where there is prima facie evidence of a fraud or wrong-doing during the course of the forensic audit.
- 19.3. Recommendations and rationale: After taking into consideration the suggestions received, the Committee recommends the following:
- a) 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.
  - b) 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.
  - c) 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.

19.4. Suggested text of the amendment: The proposed changes to the Para A are given below:

Existing provisions	Suggested changes
<p style="text-align: center;"><b>SCHEDULE III</b></p> <p><b><u>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES</u></b>  <u>The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):</u></p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>...</p> <p>d) the decision with respect to fund raising proposed to be undertaken</p> <p>...</p> <p>6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:  For the purpose of this sub-paragraph:  (i) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.  (ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable. Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.</p>	<p style="text-align: center;"><b>SCHEDULE III</b></p> <p><b><u>Part A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES</u></b>  <u>The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):</u></p> <p><b>A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b></p> <p>...</p> <p>4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>...</p> <p>d) the decision with respect to fund raising proposed to be undertaken <b>by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depository Receipts/ Global Depository Receipts/ Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method</b></p> <p>...</p> <p>6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:  For the purpose of this sub-paragraph:  (i) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.  (ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable. Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.</p>

<p>Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.</p> <p>...</p> <p>17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:</p> <p>a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;</p> <p>b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.</p>	<p>Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.</p> <p>Explanation 3 – Fraud by senior management, other than who is promoter, director or key managerial personnel, shall be required to be disclosed only if it is in relation to the listed entity.</p> <p>...</p> <p>17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:</p> <p>a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;</p> <p>b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.</p> <p>Explanation – For the purpose of this subparagraph, forensic audit refers to those audits, (by whatever name called), which are initiated with the objective of detecting any mis-statement in financials, mis-appropriation/ siphoning or diversion of funds. It does not seek to cover disclosure of audit of matters such as product quality control practices, manufacturing practices, recruitment practices, supply chain process including procurement and matters that would not require any revision to the financial statements disclosed by the listed entity.</p>
--	--



## CHAPTER VI: OTHER COMPLIANCE REQUIREMENTS AND OBLIGATIONS

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

- 20.1. Existing provisions: The LODR provides certain relaxations from compliance with corporate governance provisions for companies undergoing corporate insolvency resolution process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC) which are summarized below:
- a) The role and responsibilities of the board of directors and committees shall be fulfilled by the interim resolution professional or resolution professional, as the case may be.
  - b) Provisions relating to shareholder approval for related party transactions are not applicable for a resolution plan approved under section 31 of IBC subject to disclosure of such NCLT approval within one day.
  - c) Approval requirements for disposal of shares in material subsidiary and disposal of assets of material subsidiary in terms of regulation 24(5) & (6) of the LODR are exempt if it is done under a resolution plan approved by NCLT, subject to disclosure of such approval within one day.
- 20.2. Suggestions received: It was suggested that companies coming out of IBC must be given at least 6 months for complying with corporate governance requirements and additional time be given for disclosure of financial results. Immediate compliance after approval of resolution plan becomes challenging for such companies.
- 20.3. Recommendations: For companies coming out of CIRP under the IBC, the following relaxations (additional time shall be from the date of approval of resolution plan by NCLT under the IBC) may be provided:
- a) Key Managerial Personnel: 3 months' time to fill up the positions of Key Managerial Personnel (KMP) provided that the listed entity has at least one full-time KMP;
  - b) 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;
  - c) 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.
- 20.4. Rationale:
- a) The moratorium declared under section 14 of 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.
  - b) The Stock Exchanges presented the following data on penalties levied on companies that have come out of IBC during last two financial years (Data from NSE):

<b>Fines imposed on companies that have come out of IBC for the following provisions</b>	<b>Financial Year</b>	<b>No. of companies</b>	<b>No. of instances</b>
Board Composition (Reg. 17)	FY 2021-2022	1	1
	FY 2022-2023	6	13
	FY 2023 till September-2023	6	10
Committee composition (Reg. 18 to 21)	FY 2021-2022	0	0
	FY 2022-2023	4	30
	FY 2023 till September-2023	4	23
Compliance Officer (Reg. 6)	FY 2021-2022	19	52
	FY 2022-2023	7	14
	FY 2023 till September-2023	4	7
Financial results (Reg. 33)	FY 2021-2022	17	53
	FY 2022-2023	14	23
	FY 2023 till September-2023	11	19

- c) In order to provide reasonable time for such companies coming out of CIRP to ensure compliance, the Committee has suggested the relaxations mentioned above. The Committee is also of the view that in the interest of investors, all other compliance requirements have to be met and there shall be no such blanket exemption from compliance with the provisions of the LODR Regulations.

20.5. Suggested text of the amendment: The suggested amendments to the LODR Regulations is given below:

<b>Existing provisions</b>	<b>Suggested changes</b>
<p>6(1A) Any vacancy in the office of the Compliance Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:</p> <p>Provided that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.</p>	<p>6(1A) Any vacancy in the office of the Compliance Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:</p> <p>Provided that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.</p> <p><b>(1B) Any vacancy in the office of the Compliance Officer of a listed entity coming out of the corporate insolvency resolution process under the Insolvency Code shall be filled within a period of three months of approval of resolution plan under section 31 of the Insolvency Code:</b></p> <p><b>Provided that, in the interim, the listed entity shall have atleast one full-time Key Managerial Personnel managing the day-to-day affairs of the listed entity.</b></p>

15(2A) The provisions as specified in regulation 17 shall not be applicable during the insolvency resolution process period in respect of a listed entity or a 'high value debt listed entity' which is undergoing corporate insolvency resolution process under the Insolvency Code:

Provided that the role and responsibilities of the board of directors as specified under regulation 17 shall be fulfilled by the interim resolution professional or resolution professional in accordance with sections 17 and 23 of the Insolvency Code.

(2B) The provisions as specified in regulations 18, 19, 20 and 21 shall not be applicable during the insolvency resolution process period in respect of a listed entity or a 'high value debt listed entity' which is undergoing corporate insolvency resolution process under the Insolvency Code:

Provided that the roles and responsibilities of the committees specified in the respective regulations shall be fulfilled by the interim resolution professional or resolution professional.

15(2A) The provisions as specified in regulation 17 shall not be applicable during the insolvency resolution process period in respect of a listed entity or a 'high value debt listed entity' which is undergoing corporate insolvency resolution process under the Insolvency Code:

Provided that the role and responsibilities of the board of directors as specified under regulation 17 shall be fulfilled by the interim resolution professional or resolution professional in accordance with sections 17 and 23 of the Insolvency Code- :

**Provided further that the listed entity shall ensure compliance with regulation 17 within a period of three months of approval of resolution plan under section 31 of the Insolvency Code.**

(2B) The provisions as specified in regulations 18, 19, 20 and 21 shall not be applicable during the insolvency resolution process period in respect of a listed entity or a 'high value debt listed entity' which is undergoing corporate insolvency resolution process under the Insolvency Code:

Provided that the roles and responsibilities of the committees specified in the respective regulations shall be fulfilled by the interim resolution professional or resolution professional.

**Provided further that the listed entity shall ensure compliance with regulations 18, 19, 20 and 21 within a period of three months of approval of resolution plan under section 31 of the Insolvency Code.**

26A. (1) Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:

Provided that where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy;

Provided further that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

26A. (1) Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:

Provided that where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy;

Provided further that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

(2) Any vacancy in the office of the Chief Financial Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:

Provided that where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancy, then the vacancy shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy;

Provided further that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

(2) Any vacancy in the office of the Chief Financial Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:

Provided that where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancy, then the vacancy shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy;

Provided further that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

(3) Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager or Chief Financial Officer of a listed entity coming out of the corporate insolvency resolution process under the Insolvency Code shall be filled within a period of three months of approval of resolution plan under section 31 of the Insolvency Code:

Provided that, in the interim, the listed entity shall have atleast one full-time Key Managerial Personnel managing the day-to-day affairs of the listed entity.

33(2) The listed entity shall submit the financial results in the following manner:

(a) The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.

(b) In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results.

(c) The quarterly and year-to-date financial results may be either audited or unaudited subject to the following:

(i) In case the listed entity opts to submit unaudited financial results, they shall be subject to limited review by the statutory auditors of the listed entity and shall be accompanied by the limited review report.

33(2) The listed entity shall submit the financial results in the following manner:

(a) The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.:

Provided that a listed entity coming out of the corporate insolvency resolution process pursuant to approval of resolution plan under section 31 of the Insolvency Code shall disclose its financial results within 90 days from the end of the quarter, other than the last quarter, in which the resolution plan was approved.

(b) In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results.

(c) The quarterly and year-to-date financial results may be either audited or unaudited subject to the following:

<p>Provided that in case of public sector undertakings this limited review may be undertaken by any practicing Chartered Accountant.</p> <p>(ii) In case the listed entity opts to submit audited financial results, they shall be accompanied by the audit report.</p> <p>(d) The listed entity shall submit annual audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion): Provided that if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion):</p> <p>Provided further that, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.</p> <p>(e) The listed entity shall also submit the audited or limited reviewed financial results in respect of the last quarter along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.</p> <p>(f) The listed entity shall also submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities as at the end of the half-year.</p> <p>(g) The listed entity shall also submit as part of its standalone and consolidated financial results for the half year, by way of a note, statement of cash flows for the half-year.</p> <p>(h) The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least eighty percent</p>	<p>(i) In case the listed entity opts to submit unaudited financial results, they shall be subject to limited review by the statutory auditors of the listed entity and shall be accompanied by the limited review report.</p> <p>Provided that in case of public sector undertakings this limited review may be undertaken by any practicing Chartered Accountant.</p> <p>(ii) In case the listed entity opts to submit audited financial results, they shall be accompanied by the audit report.</p> <p>(d) The listed entity shall submit annual audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion):</p> <p><b>Provided that a listed entity coming out of the corporate insolvency resolution process pursuant to approval of resolution plan under section 31 of the Insolvency Code during the last quarter of a financial year shall disclose its annual audited financial results within 120 days from the end of the financial year:</b></p> <p>Provided <b>further</b> that if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion):</p> <p>Provided <b>further also</b> that, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.</p> <p>(e) The listed entity shall also submit the audited or limited reviewed financial results in respect of the last quarter along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing</p>
--	--

<p>of each of the consolidated revenue, assets and profits, respectively, shall have been subject to audit or in case of unaudited results, subjected to limited review.</p> <p>(i) The listed entity shall disclose, in the results for the last quarter in the financial year, by way of a note, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.</p> <p>(j) The listed entity shall, subsequent to the listing, submit its financial results for the quarter or the financial year immediately succeeding the period for which the financial statements have been disclosed in the offer document for the initial public offer, in accordance with the timeline specified in clause (a) or clause (d) of this sub-regulation, as the case may be, or within 21 days from the date of its listing, whichever is later.</p>	<p>figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.</p> <p>(f) The listed entity shall also submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities as at the end of the half-year.</p> <p>(g) The listed entity shall also submit as part of its standalone and consolidated financial results for the half year, by way of a note, statement of cash flows for the half-year.</p> <p>(h) The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least eighty percent of each of the consolidated revenue, assets and profits, respectively, shall have been subject to audit or in case of unaudited results, subjected to limited review.</p> <p>(i) The listed entity shall disclose, in the results for the last quarter in the financial year, by way of a note, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.</p> <p>(j) The listed entity shall, subsequent to the listing, submit its financial results for the quarter or the financial year immediately succeeding the period for which the financial statements have been disclosed in the offer document for the initial public offer, in accordance with the timeline specified in clause (a) or clause (d) of this sub-regulation, as the case may be, or within 21 days from the date of its listing, whichever is later.</p>
--	---

## 21. Subsidiary related compliance requirements

- 21.1. Existing provisions: Regulation 24(6) requires prior approval of shareholders of the listed entity by way of special resolution for sale, disposal or lease of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year.
- 21.2. Suggestions received: The suggestions received were on the following lines:
- a) To exempt the requirement of approval of shareholders for sale of assets of a material subsidiary to another subsidiary under regulation 24(6) of the LODR, as long as the assets are within the group.
- 21.3. Recommendations and rationale: After considering the suggestion received, it is recommended to exempt the requirements specified in regulation 24(6) for sale of assets of a wholly-owned subsidiary of the listed entity to another wholly-owned subsidiary. This is 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.
- 21.4. Suggested text of the amendment: The proposed amendments to regulation 24(6) of the LODR Regulations are given below:

Existing provisions	Suggested changes
24(6) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.	24(6) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved:  Provided that the requirement specified above shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

## 22. Record Date

- 22.1. Existing provisions: The LODR Regulations requires a listed entity to provide prior intimation of record date fixed for the purposes of any corporate action or for other specified events. The gap between the date of intimation and record date shall be 7 working days (excluding the date of intimation and the record date) for all events except for the purposes of dividend (5 working days) and for the purposes of rights issue (3 working days). Further, the listed entity shall ensure time gap of at least 30 days between 2 record dates.
- 22.2. Suggestions from stakeholders: The following suggestions were received:
- (i) The timeline between intimation of record date and the actual record date in case of a buyback can be reduced to 3 working days.
  - (ii) Reduce the time limit to three working days instead of five working days for faster distribution of dividend.
  - (iii) Reduce the time limit between two record dates or book closure dates.
- 22.3. Recommendation: After considering the suggestions received and further deliberations, the Committee's recommendations are as follows:
- a) 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.
  - b) The phrase "cash bonus" may be deleted from regulation 42(3) of LODR as it is redundant and no longer relevant.
  - c) 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.
- 22.4. Rationale:
- a) The Committee noted that markets have matured and information disseminated by listed entities is absorbed quickly by investors. Therefore, the gap between intimation and the record date may be reduced from the existing requirement of 7 working days. The Committee also noted that for the purposes of rights issue, the gap is already 3 working days which may be ideal for all types of events. The Exchanges also informed the Committee that the existing requirement of 7 working days may be retained for scheme of arrangement involving mergers or demergers as it may have an impact on the index constitution and therefore, the Exchange and market participants may need additional time for necessary adjustments.
- 22.5. Suggested text of the amendment: The proposed amendments to regulation 42 of the LODR Regulations is given below:



Existing provisions	Suggested changes
<p>42(1) The listed entity shall intimate the record date for the following events to all the stock exchange(s) where it is listed or where stock derivatives are available on the stock of the listed entity or where listed entity's stock form part of an index on which derivatives are available:</p> <ul style="list-style-type: none"> <li>(a) declaration of dividend;</li> <li>(b) issue of right or bonus shares;</li> <li>(c) issue of shares for conversion of debentures or any other convertible security;</li> <li>(d) shares arising out of rights attached to debentures or any other convertible security</li> <li>(e) corporate actions like mergers, de-mergers, splits, etc;</li> <li>(f) such other purposes as may be specified by the stock exchange(s).</li> </ul> <p>(2) The listed entity shall give notice in advance of atleast seven working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date:</p> <p style="padding-left: 40px;">Provided that in the case of rights issues, the listed entity shall give notice in advance of atleast three working days (excluding the date of intimation and the record date).</p> <p>(3) The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.</p> <p>(4) The listed entity shall ensure the time gap of at least thirty days between two record dates.</p> <p>(5) 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):</p> <p style="padding-left: 40px;">Provided that the listed entity shall ensure that there is a time gap of atleast thirty days between two dates of closure of its transfer books.</p>	<p>42(1) The listed entity shall intimate the record date for the following events to all the stock exchange(s) where it is listed or where stock derivatives are available on the stock of the listed entity or where listed entity's stock form part of an index on which derivatives are available:</p> <ul style="list-style-type: none"> <li>(a) declaration of dividend;</li> <li>(b) issue of right or bonus shares;</li> <li>(c) issue of shares for conversion of debentures or any other convertible security;</li> <li>(d) shares arising out of rights attached to debentures or any other convertible security</li> <li>(e) corporate actions like mergers, de-mergers, splits, etc;</li> <li>(f) such other purposes as may be specified by the stock exchange(s).</li> </ul> <p>(2) The listed entity shall give notice in advance of atleast <del>seven</del> <b>three</b> working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date:</p> <p style="padding-left: 40px;">Provided that in the case of <del>rights issues</del> <b>corporate actions through schemes of arrangement covered under regulation 37</b>, the listed entity shall give notice in advance of atleast <del>three</del> <b>seven</b> working days (excluding the date of intimation and the record date).</p> <p>(3) <del>The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.</del></p> <p>(4) The listed entity shall ensure the time gap of at least <del>thirty</del> <b>thirty five working</b> days between two record dates.</p> <p>(5) 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).</p>

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

- 23.1. Existing provisions: Presently, in terms of Regulation 37 of the LODR Regulations, a listed entity is required to file draft scheme of arrangement with Stock Exchanges for obtaining no-objection letter before filing such scheme with any Court or Tribunal. This also includes cases where the draft scheme provides for writing off the accumulated losses against the share capital of the company which is applied across all the shareholder on pro rata basis or against the reserves of the company.
- 23.2. Suggestions received from stakeholders: Regulation 37 of LODR / Master Circular on Scheme of Arrangements should be amended to dispense the requirement of filing draft scheme with Stock Exchanges which solely provide for writing off the accumulated losses against the share capital of the company applied across all the shareholder on pro rata basis or against the reserves of the company.
- 23.3. Recommendations: For the purpose of facilitating ease of doing business, 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 the 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.
- 23.4. 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.
- Further, in such schemes, no fresh shares are issued to outsiders or to select shareholders of the company and therefore, requirement of valuation report and fairness opinion are not applicable in such cases.
- 23.5. Suggested text of the amendment: It is proposed to insert a new sub-regulation (6A) to regulation 37 of the LODR Regulations as given below:

Existing provisions	Suggested changes
<p><b>Draft Scheme of Arrangement &amp; Scheme of Arrangement.</b></p> <p>37. (6) Nothing contained in this regulation shall apply to draft schemes which solely provide for merger of a wholly owned subsidiary with its holding company:</p> <p>Provided that such draft schemes shall be filed with the stock exchanges for the purpose of disclosures.</p>	<p><b>Draft Scheme of Arrangement &amp; Scheme of Arrangement.</b></p> <p>37. (6) Nothing contained in this regulation shall apply to draft schemes which solely provide for merger of a wholly owned subsidiary with its holding company:</p> <p>Provided that such draft schemes shall be filed with the stock exchanges for the purpose of disclosures.</p> <p><b>(6A) Nothing contained in this regulation shall apply to draft schemes which solely provide for</b></p>

	<p>writing off the accumulated losses against the share capital of the listed entity applied uniformly across all shareholders on a pro rata basis or against the reserves of the listed entity:</p> <p>Provided that such draft schemes shall be filed with recognized stock exchanges for the purpose of disclosures.</p>
--	---

## 24. Analyst or institutional investor meet

24.1. Existing provisions: Regulation 46(2) and clause 15 of para A of part A of schedule III of the LODR Regulations requires the following disclosures:

- a) Disclosure of schedule of analyst or institutional investors meet at least 2 working days in advance; presentations made by the listed entity to such analyst or institutional investors.
- b) With respect to post earnings / quarterly calls, the following disclosures on the website along with simultaneous submission to the Stock Exchanges (a) presentation and audio / video recordings within 24 hours or the next trading day, whichever is earlier and (b) Transcripts of such calls within 5 working days.
- c) The presentations and audio / video recordings shall be hosted on the website of the listed entity for a period of 5 years and thereafter, as per the archival policy of the listed entity.
- d) The transcripts of such calls need to be hosted on the website and preserved permanently by the listed entity.

24.2. Suggestions from stakeholders: The following suggestions were received:

- a) The prior notice for investor relations calls under Regulation 46 may be restricted to the six specific items covered under Regulations 29.
- b) To do away with the requirement of disclosing schedule of analyst or institutional investor meet as it does not serve any purpose.
- c) Need for clarity on intimation of one-one meet with investors.
- d) The Audio/Video recordings of analyst meets should be allowed to be placed on the website within 2 working days as it is difficult to obtain the Audio/Video recordings from the agencies when the subsequent working days are holidays.
- e) The period of five years is too long for the audio/video recordings to be hosted on the website of listed entity.

24.3. Recommendations: After considering the suggestions received and further deliberations, the Committee recommends the following measures to be implemented:

- a) 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.
- 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 of such events.
- c) 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.
- d) 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).
- e) 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

The Committee also took note of the clarification issued by Stock Exchanges that it is mandatory to intimate only group meets or calls and therefore, one-on-one meets do not require any intimation under the LODR Regulations.

24.4. Rationale:

- a) The existing provisions require disclosure of the schedule of the analyst or institutional investor meet and the presentations made by the listed entity to such investors. The ultimate objective is to ensure that there is no information asymmetry between different sets of investors. Towards that end, the Committee recommends that any presentation prepared by the listed entity for such events to be disclosed to the Stock Exchanges in advance. Further, disclosing the names of the analyst / institutional investors may be optional for the listed entity.
- b) In view of the practical difficulties expressed by the stakeholders, additional time is being provided to listed entities to upload video recordings of quarterly earnings calls on their website.
- c) The Committee also recognizes that audio / video recordings occupy storage space on the listed entity's website and retaining the recordings for a longer period of time consumes unnecessary space without any commensurate benefits. The transcripts of such calls are already made available by the listed entity. Therefore, the Committee recommends reduction in the time period for which such recordings have to be hosted on the website of the listed entity.

24.5. Suggested text of the amendment:

- a) The proposed amendments to regulation 46 and schedule III of the LODR Regulations is given below:

Existing provisions	Suggested changes
<p>46(2) The listed entity shall disseminate the following information under a separate section on its website:</p> <p>....</p> <p>(o) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors.</p> <p>Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means;</p> <p>(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:</p> <ol style="list-style-type: none"> <li>i. the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the</li> </ol>	<p>46(2) The listed entity shall disseminate the following information under a separate section on its website:</p> <p>....</p> <p>(o) (i) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet).</p> <p>(ii) <del>p</del>Presentations prepared by the listed entity <del>to</del> for analysts or institutional investors meet, post earnings / quarterly calls.</p> <p><del>Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.</del></p> <p>(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, in the following manner:</p> <ol style="list-style-type: none"> <li>i. <del>the presentation</del> <del>†</del>The audio/video recordings shall be promptly made available on the website and in any case, before the next</li> </ol>

<p>next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</p> <p>ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:</p> <p>Provided that—</p> <p>(a) The information under sub-clause (i) shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.</p> <p>(b) The information under sub-clause (ii) shall be hosted on the website of the listed entity and preserved in accordance with clause (a) of regulation 9.</p> <p>The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022;</p>	<p>trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</p> <p>ii. <del>the video recordings, if any, shall be made available on the website within forty-eight hours from the conclusion of such calls;</del></p> <p>iii. the transcripts of such calls shall be made available on the website <del>along with simultaneous submission to recognized stock exchanges</del> within five working days of the conclusion of such calls:</p> <p>Provided that—</p> <p>(a) The information under sub-clause (i) &amp; (ii) shall be hosted on the website of the listed entity for a minimum period of <del>five</del> <b>two</b> years and thereafter as per the <del>archival preservation</del> policy of the listed entity, <del>as disclosed on its website in terms of clause (b) of regulation 9.</del></p> <p>(b) The information under sub-clause (iii) shall be hosted on the website of the listed entity <del>for a minimum period of five years</del> and preserved in accordance with clause <del>(a)</del> <b>(ab)</b> of regulation 9.</p> <p><del>The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022;</del></p>
<p align="center"><b>Schedule III – Part A</b></p> <p>15 (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors.</p> <p>Explanation: For the purpose of this clause ‘meet’ shall mean group meetings or group conference calls conducted physically or through digital means.</p> <p>(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:</p> <p>(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</p> <p>(ii) the transcripts of such calls shall be made available on the website within five</p>	<p align="center"><b>Schedule III – Part A</b></p> <p>15 (a) (i) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet).</p> <p>(ii) <del>p</del><b>P</b>resentations <del>prepared</del> <b>prepared</b> by the listed entity <del>to</del> <b>for</b> analysts or institutional investors <del>meet, post earnings / quarterly calls, to be disclosed to recognized stock exchanges prior to beginning of such events.</del></p> <p>Explanation I: For the purpose of this clause ‘meet’ shall mean group meetings or group conference calls conducted physically or through digital means.</p> <p><del>Explanation II: Disclosure of names in the schedule of analysts or institutional investors meet shall be optional for the listed entity.</del></p> <p>(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, in the following manner:</p> <p>(i) <del>the presentation</del> <del>t</del><b>T</b>he audio/video recordings shall be promptly made available on the website and in any case,</p>

<p>working days of the conclusion of such calls:</p> <p>The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.;</p>	<p>before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;</p> <p>(ii) the video recordings, if any, shall be made available on the website within forty-eight hours from the conclusion of such calls;</p> <p>(iii) the transcripts of such calls shall be made available on the website along with simultaneous submission to recognized stock exchanges within five working days of the conclusion of such calls:</p> <p><del>The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.;</del></p>
---	---

- b) The Guidance Note issued by Stock Exchanges on disclosures pertaining to analysts / institutional investors meet and best practices need to be modified suitably.

## 25. Annual Reports

- 25.1. Existing provisions: The provisions (regulation 36(1) of the LODR) relating to dispatch of Annual Report to shareholders of a listed entity is given below:
- Soft copies of full annual report to all those shareholder(s) who have registered their email address(es) either with the listed entity or with any depository;
  - Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder to those shareholder(s) who have not so registered;
  - Hard copies of full annual reports to those shareholders, who request for the same.
- 25.2. Suggestions received: The suggestions received from stakeholders are summarized below:
- The requirement to send hard copies of reports / notices and publication in newspapers may be done away with in order to promote green initiatives.
  - Permanent relaxation from dispatching physical copies of the financial statements.
  - There should be provision for sending Annual Report through digital mode only instead of physical copies.
  - For shareholders holding shares in physical form, listed entities may be permitted to send a letter giving the link of its website from where annual report can be downloaded.
  - The timelines for dispatch of Annual Report to shareholders and submission to stock exchanges need to be harmonized.
- 25.3. Recommendations and rationale: After considering the suggestions, the Committee recommends the following measures:
- Instead of sending abridged annual report to those shareholders whose email address is not available, listed entities may be permitted to send a letter intimating the weblink, including the exact path, from which he / she can access full soft copy of the annual report. This would minimize the usage of paper and would also facilitate 'Go green' and sustainability initiatives of a listed entity.
  - The timeline for dispatch of Annual Reports specified in regulation 36(2) of the LODR may be omitted. Annual Reports are dispatched along with the AGM notice for which the timeline is specified in the Companies Act, 2013. It may be clarified that AGM notice along with the Annual Report needs to be submitted to the Stock Exchange on or before commencement of dispatch to the shareholders. This is to ensure that information is available to all shareholders and investors in advance.

The Committee was also informed that the Companies Act, 2013 has similar provisions on sending salient features of financial statements (abridged annual report) to shareholders of a listed entity. It was informed by ICSI's representative that a request to relax the requirements would be taken up with MCA based on the Committee's recommendation. The Committee also requests SEBI to take up necessary changes to the Companies Act, 2013 with MCA.

- 25.4. Suggested text of the amendment: The suggested amendments to regulation 36(1) of the LODR Regulations is given below:



Existing provisions	Suggested changes
<p>36(1) The listed entity shall send the annual report in the following manner to the shareholders:</p> <p>(a) Soft copies of full annual report to all those shareholder(s) who have registered their email address(es) either with the listed entity or with any depository;</p> <p>(b) Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder to those shareholder(s) who have not so registered;</p> <p>(c) Hard copies of full annual reports to those shareholders, who request for the same</p>	<p>36(1) The listed entity shall send the annual report in the following manner to the shareholders:</p> <p>(a) Soft copies of full annual report to all those shareholder(s) who have registered their email address(es) either with the listed entity or with any depository;</p> <p>(b) <del>Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder</del> A letter providing the weblink, including the exact path, where complete details of the Annual Report is available to those shareholder(s) who have not so registered;</p> <p>(c) Hard copies of full annual reports to those shareholders, who request for the same.</p>
<p>(2) The listed entity shall send annual report referred to in sub-regulation (1), to the holders of securities, not less than twenty-one days before the annual general meeting.</p>	<p><del>(2) The listed entity shall send annual report referred to in sub-regulation (1), to the holders of securities, not less than twenty-one days before the annual general meeting.</del></p>
<p>34(1) The listed entity shall submit to the stock exchange and publish on its website-</p> <p>(a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders;</p> <p>(b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.</p>	<p>34(1) The listed entity shall submit to the stock exchange and publish on its website-</p> <p>(a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting <del>not later than the day of on or before</del> commencement of dispatch to its shareholders;</p> <p>(b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.</p>

## 26. Postal ballots

### 26.1. Existing provisions:

- a) Section 110 of the Companies Act, 2013 provides for transacting business, other than ordinary business at a general meeting, through postal ballot. Further, certain businesses (like buyback of shares, sale of undertaking, certain alterations to the AOA, issue of shares with differential voting rights etc.) have to be mandatorily transacted through a postal ballot. However, such business may also be transacted at a general meeting by a company which is required to provide facility for voting by electronic means under section 108.
- b) Regulation 44 of SEBI LODR Regulations specifies that listed entities shall provide the facility of remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

### 26.2. Suggestions received: The suggestions received were on the following lines:

- a) Dissemination of postal ballot forms should be allowed only electronically. Physical postal ballots may be dispensed with as e-voting has stabilised and improved shareholder participation.
- b) The voting to take place only electronically for listed entities except for physical postal ballots sent on request. If this is permitted, the timeframe for voting in case of postal ballots also can be reduced.

### 26.3. Recommendations: After taking into consideration the suggestions received, the Committee recommends as follows:

- a) To do away with the requirement of sending and receiving votes through physical postal ballot papers for listed entities.
- b) Postal ballots can be substituted by remote e-voting for listed entities and the time period for such remote e-voting may suitably shortened to 7 days (instead of existing 30 days period).

The above recommendations may be taken up by SEBI with MCA for necessary changes to the Companies Act, 2013 and the rules made thereunder.

### 26.4. Rationale:

- a) Postal Ballots were introduced in a time when electronic voting was not prevalent. During those days, meetings were held in physical modes and many shareholders were unable to attend the meetings due to geographical and time constraints. Thus, Postal Ballots were aimed at facilitating wider shareholder participation. However, with introduction of electronic voting systems, the concept of Postal Ballots has lost its relevance. E-voting increases the efficiency of the entire approval process.

b) Listed Entities are mandatorily required to provide e-voting to their shareholders. Thus, practically, even the Postal Ballots have predominantly become electronic as far as listed entities are concerned. Further, based on the data presented to the Committee by NSE, around 99.4% of shareholders in Indian listed entities have their holdings in demat mode which makes it easier to replace postal ballots with remote e-voting.

26.5. Suggested text of the amendments: No amendments are proposed to the LODR Regulations at this stage.

## 27. Dividend warrants

### 27.1. Existing provisions:

- a) As per Section 127 of the Companies Act, 2013, dividend declared has to be paid or the warrant in respect thereof has to be posted within thirty days from the date of declaration to the shareholders entitled to payment of dividend.
- b) Regulation 12 of the LODR provides that listed entities shall use electronic modes of payment facility, as approved by the RBI, for payment of dividend. Regulation 12 further provides that, where it is not possible to use the electronic mode of payment, 'payable-at-par' warrants or cheques may be issued.

### 27.2. Suggestions received: The suggestions received were on the following lines:

- a) Companies are burdened with significant costs for disbursement of dividend if electronic credit of dividend fails. They are required to post numerous dividend cheques/warrants of minimal amounts merely because the shareholder may not have updated their relevant information or technical failure in Electronic Clearing Service ('ECS').
- b) In those cases wherein bank details are not updated or ECS fails, a monetary limit should be set up, and for any dividend amount below that limit, the listed entities may be allowed to accumulate dividend for that shareholder and the same shall be paid as and when requested by the shareholder. Further such unpaid/unclaimed dividend amount will continue to be dealt with in accordance with rules related to transfer of unclaimed dividend amount to IEPF.
- c) Whenever the shareholder updates the Bank details, they should approach the Company so that the dividend payment will be re-attempted through ECS.

### 27.3. Recommendations: After taking into consideration the suggestions received and considering the negligible physical holding, the Committee agreed that there is need for a glide path to phase out dispatch of dividend warrants. The Committee recommends that listed entities may be permitted to keep accumulated dividend, in case of non-availability of bank account details or failure of delivery of dividend credit through electronic means, for any dividend amount which is less than Rs. 10 for each instance. Such warrants may be dispatched to the shareholders when the cumulative amount exceeds Rs.10 or before transfer of such amounts to the IEPF. The Committee also recommends that listed entities need to take all efforts to get their shareholders update the bank account details for easier and faster credit of dividend.

The said recommendation is subject to acceptance by MCA and suitable amendments to the Companies Act, 2013.

### 27.4. Rationale:

- a) It was observed that the listed entities were required to post dividend warrants/cheques to the shareholders wherein electronic mode of payment was not possible. For example: wherein bank details were not updated or ECS failure. This led to listed companies issuing physical warrants/cheques for nominal dividend amounts.

b) In few cases, the cost of printing & dispatch goes higher than the amount of dividend. Hence, it is recommended that listed entities should be permitted to accumulate dividends up to a stipulated limit after which the listed entities shall issue warrants/cheques for such accumulated dividend. The same will reduce burden on listed entities to print and dispatch warrants for nominal amounts.

27.5. Suggested text of the amendment: No amendments are proposed to regulation 12 of the LODR at this stage.

## CHAPTER VII: FACILITATING SHAREHOLDER PARTICIPATION IN GOVERNANCE OF LISTED ENTITIES

### 28. Virtual and hybrid shareholder meetings

#### 28.1. Existing provisions:

- a) Section 96(2) of the Companies Act, 2013 requires the AGM of a company to be held at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated.
- b) The proviso to section 100 of the Companies Act, 2013 states that the EGM of a company, other than a wholly-owned subsidiary incorporated outside India, shall be held at a place within India.
- c) Rule 3 of the Companies (Meeting of Board and its powers) Rules, 2014 permits holding of board meetings through video conferencing and other audio visual means (VC / OAVM)
- d) While the Companies Act, 2013 has a provision for voting by electronic means under section 108 and voting by way of postal ballot under 110, which includes electronic ballot and electronic voting, there is no explicit provision which permits holding of AGM / EGM through VC / OAVM.
- e) MCA, vide General Circular no. 14/2020 dated April 8, 2020 and General Circular no. 20/2020, initially permitted companies to hold their EGMs and AGMs through VC / OAVM in view of the prevailing situation due to CoVID-19 pandemic. The said relaxations have subsequently been extended by MCA and continue to remain valid till September 30, 2024.
- f) Section 101 of the Companies Act, 2013 requires 21 days' prior notice to shareholders for calling a general meeting of the company.

#### 28.2. Suggestion from stakeholders: The suggestions received were as follows:

- a) A provision be included with respect to holding the Annual General Meeting/ Extraordinary General Meeting(s) of a listed entity through VC/ OAVM mode.
- b) Request SEBI to permit companies to conduct their AGMs through permissible electronic means.

#### 28.3. Recommendations:

- a) The Committee notes that the provisions relating to general meeting primarily emanate from the Companies Act, 2013. Therefore, the Committee recommends to SEBI to take up the suggestion of permitting listed entities to hold general meetings through VC /OAVM or in a hybrid mode on a permanent basis, with MCA. Further, good practices for such virtual / hybrid shareholder meetings also need to be identified and promoted in order to have effective retail participation in such meetings.
- b) 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.
- c) It is also recommended that notice period for such virtual meetings of a listed entity may be suitably reduced (say 7 days). This may also be taken up by SEBI with MCA.

28.4. Rationale:

- a) Globally, various jurisdictions are permitting virtual shareholder meetings as it eliminates geographical barriers and facilitates more and more shareholder participation. While virtual shareholder meetings were initially permitted by MCA during the CoVID-19 pandemic, such provisions are being extended from time to time. In order to encourage greater participation of retail shareholders in general meetings of Indian listed entities, the Committee is of the view that virtual / hybrid shareholder meetings must be statutorily recognized and must become a permanent feature in India.
- b) The Committee has also recommended reducing the notice period for virtual general meetings as planning for travel and logistics is not required for a virtual meeting as against a physical meeting of the shareholders.

28.5. Suggested text of the amendment: Amendments to regulation 44(4) of the LODR Regulations is given below:

Existing provisions	Suggested changes
44(4) The listed entity shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.	44(4) The listed entity shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.  Provided that the requirement to send proxy forms shall not be applicable to such general meetings held only through electronic mode.

## CHAPTER VIII – STRENGTHENING CORPORATE GOVERNANCE AT LISTED ENTITIES

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

- 29.1. Existing provisions: The existing LODR provisions on women directors, meetings of IDs and risk management is given below:
- a) All listed entities need to have a women director and top 1000 entities shall have a women independent director.
  - b) Independent Directors shall meet at least once in a year without the presence of non-IDs & the management of the listed entity *inter-alia* to review the performance of non-IDs and the board as a whole; review the performance of Chairperson; assess the flow of information between the management and the board of directors.
  - c) Top 1000 listed entities shall constitute a risk management committee with the composition, roles and responsibilities as specified in regulation 21 of the LODR Regulations.
- 29.2. Suggestions from stakeholders: The following suggestions were received:
- a) The requirement to have a women independent director needs to be extended to top 2000 listed entities.
  - b) Independent Directors need to meet at least twice a year.
  - c) The requirement to constitute a risk management committee must be extended to top 2000 listed entities.
- 29.3. Recommendations and rationale: The Committee recommends the following measures to strengthen corporate governance at listed entities but as discretionary compliance requirements (except where specific compliance is already mandatory):
- a) Encourage top 2000 listed entities to have at least 1 women independent director in order to have diversity in the institution of independent directors.
  - b) Considering the importance of risk management for listed entities, the Committee encourages top 2000 listed entities to constitute a risk management committee with the composition, roles and responsibilities as specified in regulation 21 of the LODR.
  - c) In the interest of better corporate governance, top 2000 listed entities may strive to have more than the mandatory yearly meeting of IDs.

Considering that ease of doing business in the main remit of this Committee, these recommendations, though important, are proposed as discretionary requirements for compliance by listed entities. The Committee encourages listed entities to voluntarily comply with these recommendations.

- 29.4. Suggested text of the amendment: It is suggested to include these recommendations in Part E of Schedule II of the LODR Regulations which deals with discretionary corporate governance requirements. The text of the amendments is as below:

Existing provisions	Suggested changes
<b>PART E: DISCRETIONARY REQUIREMENTS</b> See Regulation 27(1)	<b>PART E: DISCRETIONARY REQUIREMENTS</b> See Regulation 27(1)
A. <b>The Board</b>	A. <b>The Board</b>



A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his /her duties.

**B. Shareholder Rights**

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

**C. Modified opinion(s) in audit report**

The listed entity may move towards a regime of financial statements with unmodified audit opinion.

**D. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

- (a) be a non-executive director; and
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

**E. Reporting of internal auditor**

The internal auditor may report directly to the audit committee.

i. A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his /her duties.

ii. **At least one women independent director may be on the board of directors of listed entities ranked from 1001 to 2000 as per the list prepared by recognized stock exchanges in terms of regulation 3(2) .**

**B. Shareholder Rights**

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

**C. Modified opinion(s) in audit report**

The listed entity may move towards a regime of financial statements with unmodified audit opinion.

**D. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

- (a) be a non-executive director; and
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

**E. Reporting of internal auditor**

The internal auditor may report directly to the audit committee.

**F. Independent Directors**

**The independent directors of top 2000 listed entities as per market capitalization may hold at least two meetings in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meetings.**

**G. Risk Management**

**Listed entities ranked from 1001 to 2000 in the list prepared by recognized stock exchanges in terms of regulation 3(2) may constitute a risk management committee with the composition, roles and responsibilities specified in regulation 21.**

### 30. Strengthening the position of Compliance Officer

#### 30.1. Existing provisions:

- a) As per regulation 6(1) of the LODR Regulations, a listed entity shall appoint a qualified company secretary as the compliance officer. In terms of Reg. 6(2), compliance officer is *inter-alia* responsible for ensuring conformity with regulatory provisions applicable to listed entity in letter and spirit.
- b) Company Secretary is key managerial personnel as per section 203(1) of Companies Act, 2013. As per section 205 (1), functions of company secretary *inter-alia* includes reporting to the Board about compliance with the provisions of the Act, the rules made thereunder and other laws applicable to the company, assist and advise the Board in ensuring good corporate governance and in complying with the corporate governance requirements and best practices.
- c) Regulation 16(1)(d) of the LODR specifically includes Company Secretary in the definition of senior management.

#### 30.2. Suggestions from stakeholders: The following suggestions were received:

- a) Just by including company secretary in the definition of 'senior management', he/ she may not get a power to advise the management to act in accordance with law and could still be in a position to get influenced by other people in senior management. Therefore, if he is positioned at just one level below CEO / MD / WTD / Manager (as the case may be in the organisation), then he can get adequate power to advise the management on points of law.
- b) The term 'qualified company secretary' may be modified either as company secretary or member of ICSI.

#### 30.3. Recommendations: After considering the suggestions received and further deliberations, the Committee recommends that the Compliance Officer shall be an officer, who is in whole time employment, not beyond one level below the board of directors of the listed entity and shall be designated as a "Key Managerial Personnel".

#### 30.4. Rationale: The Committee discussed the position of Compliance Officer under the LODR Regulations and other laws. While different statutes have cast numerous responsibilities on the Compliance Officer, it was informed that the position of the Compliance Officer in a listed entity is not commensurate to the responsibilities cast upon him. It was informed that in some companies Compliance Officer is a junior level person, generally two levels below the board of directors and reporting to other KMPs / senior management (like CFO, legal head etc.). Therefore, the Committee recommends strengthening the position of Compliance Officer in order to effectively discharge his / her statutory duties and responsibilities.

#### 30.5. Suggested text of the amendments: The proposed changes to regulation 6 of the LODR Regulations is given below:

Existing provisions	Suggested changes
<p>6(1) A listed entity shall appoint a qualified company secretary as the compliance officer</p>	<p>(1) A listed entity shall appoint a <b>qualified</b> <del>Company</del> <del>Secretary</del> as the <del>Compliance</del> <del>Officer</del>:-</p> <p><b>Provided that the Compliance Officer shall be an officer, who is in whole time employment of the listed entity, not more than one level below the board of directors and shall be designated as a Key Managerial Personnel.</b></p>
<p>16(1)(d) “senior management” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.</p>	<p>16(1)(d) “senior management” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called, <b>and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity.</b> <del>Company Secretary and the Chief Financial Officer.</del></p>

### 31. Secretarial Auditor

- 31.1. Existing provisions: Currently there are no provisions prescribed either in the LODR Regulations or in the Companies Act, 2013 specifying criteria for appointment or reappointment or removal for secretarial auditors of a listed entity. Further there is no prescribed cooling off period for secretarial auditors of a listed entity.
- 31.2. Suggestions from stakeholders: It is suggested that provisions relating to appointment or reappointment of secretarial auditors be inserted in LODR Regulations.
- 31.3. Recommendations: After considering the suggestions received and the importance of secretarial audit and secretarial compliance, the Committee recommends the following measures:
- a) Provisions relating to appointment, reappointment of secretarial auditors be inserted in LODR Regulations in line with 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. The notice to the shareholders for appointment of secretarial auditor shall also include the details required under regulation 36(5).
  - b) Provisions relating to eligibility (shall be a peer reviewed company secretary and does not incur disqualifications specified by SEBI) and disqualifications (where there is conflict of interest) may also be prescribed in the LODR Regulations.
  - c) 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.
  - d) Provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity may be inserted in the LODR Regulations.
  - e) 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.
- 31.4. Rationale:
- a) The term "Secretarial Audit" is a mechanism which is connected with the audit of the non-financial aspects of the company. The Secretarial Audit postulates for an independent verification of the records, books, papers and documents by a Company Secretary to check the compliance status of the company according to the provisions of various statutes, laws and rules & regulations and also to ensure the compliance of legal and procedural requirements and processes followed by the company. Twenty-first Report of the Parliamentary Standing Committee on Finance on the Companies Bill, 2009 in the year 2009-2010 recommended Secretarial Audit in listed and bigger companies. SEBI, vide circular dated February 8, 2019, based on the recommendations of the Kotak Committee introduced the requirement of annual secretarial compliance report, which focus on compliance with securities laws, for listed entities.
  - b) 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 company.

Therefore, there is a necessity to prescribe the 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.

31.5. Suggested text of the amendment:

- a) The suggested amendment to regulation 24A and 36 of the LODR Regulations is given below:

Existing provisions	Suggested changes
<p><b>Secretarial Audit and Secretarial Compliance Report.</b> <b>24A.</b></p> <p>(1) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.</p> <p>(2) Every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year.</p>	<p><b>Secretarial Audit and Secretarial Compliance Report.</b> <b>24A.</b></p> <p>(1) (a) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a <b>Secretarial Auditor who shall be a Peer Reviewed Company Secretary</b> and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.</p> <p><b>Explanation:</b></p> <p>(i) <b>“Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in Practice appointed to conduct the Secretarial Audit.</b></p> <p>(ii) <b>“Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India.</b></p> <p>(b) <b>On the basis of recommendation of board of directors, a listed entity shall appoint or re-appoint:</b></p> <p>(i) <b>an individual as Secretarial Auditor for not more than one term of five consecutive years; and</b></p> <p>(ii) <b>A Secretarial Audit Firm as Secretarial Auditor for not more than two terms of five consecutive years,</b></p> <p><b>with the approval of its shareholders in its Annual General Meeting.</b></p> <p><b>Provided that-</b></p> <p>(i) <b>an individual Secretarial Auditor who has completed his or her term under clause (b)(i) shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of his or her term;</b></p>

- (ii) a Secretarial Audit firm which has completed its term under clause (b)(ii), shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of such term.

Provided further that, nothing contained in these regulations shall prejudice the right of the entity to remove Secretarial Auditor with the approval of its shareholders in its Annual General Meeting or the right of the Secretarial Auditor to resign from such office of the listed entity.

- (c) The casual vacancy arising out of resignation, death or disqualification of a Secretarial Auditor shall be filled by the Board of Directors of the listed entity within a period of three months and the secretarial auditor so appointed shall hold office till the conclusion of the next annual general meeting.

**(1A) Eligibility, Qualifications and Disqualifications of Secretarial Auditor:**

- (a) A person shall be eligible for appointment as a Secretarial Auditor of the listed entity only if he or she is a Peer Reviewed Company Secretary and has not incurred any of the disqualifications as specified by the Board.

Provided that a firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be Secretarial Auditor of the listed entity.

- (b) Where a firm including a limited liability partnership is appointed as Secretarial Auditor of the listed entity, only the partners who are Peer Reviewed Company Secretaries shall be authorised to act and sign on behalf of the firm.
- (c) Where a person appointed as Secretarial Auditor of the listed entity incurs any of the disqualifications as specified by the Board, after his/ her appointment, he or she shall vacate its office as Secretarial Auditor and such vacation shall be deemed to be a casual vacancy in the office of the Secretarial Auditor.

**(1B) Secretarial Auditor not to render certain services:**

	<p>A Secretarial Auditor appointed under these regulations shall provide to the listed entity only such other services as are approved by the Board of Directors, but which shall not include any services as specified by the Board in this behalf.</p> <p>(1C) With effect from April 1, 2025, every listed entity shall ensure compliance with sub-regulation (1), (1A) and (1B) for appointment, re-appointment or continuation of the secretarial auditor of the listed entity.</p> <p>Provided that any association of the individual or the firm as the Secretarial Auditor of the listed entity before March 31, 2025 shall not be considered for the purpose of calculating the tenure under clause (b) of sub-regulation (1).</p> <p>(2) Every listed entity shall submit a Secretarial Compliance Report in such form as specified, to stock exchanges, within sixty days from end of each financial year.</p> <p>Provided that the listed entity shall ensure that the Secretarial Compliance Report submitted to the stock exchange(s) on annual basis (starting from April 1, 2025) is signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the conditions mentioned at sub-regulation (1A) and (1B) above.</p>
<p>Regulation 36 (5):</p> <p>The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:</p> <p>(a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;</p> <p>(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.</p>	<p>Regulation 36 (5)</p> <p>The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) or secretarial auditor is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:</p> <p>(a) Proposed fees payable to the statutory auditor(s) or secretarial auditor along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;</p> <p>(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) or secretarial auditor proposed to be appointed.</p>

- b) The draft circular on disqualifications for secretarial auditor and certain services not to be rendered by the secretarial auditor is enclosed as [Annexure 4](#).

## 32. Pre-listing compensation or profit-sharing agreements

- 32.1. Existing provisions: Regulation 26(6) of SEBI LODR currently requires any agreement entered into by any employee, Key Managerial Personnel, Director or Promoter of a listed entity with regard to compensation or profit sharing in connection with dealings in its securities to be approved by shareholders of the listed entity.
- 32.2. Suggestions received: A clarification be included that in the event any action is being taken under such compensation or profit-sharing arrangement, pursuant to events that have occurred prior to the listing of the company (including an IPO, among others) then such arrangements, at least to the extent of such pre-listing actions, should not be subject to the requirements under 26(6) of the LODR subject to complete disclosure of the same are included in the Offer Documents
- 32.3. Recommendations: The Committee deliberated the issue of pre-listing agreements that survive after listing. The Committee was of the view that any agreement which benefits a set of shareholders differently needs to be agreed upon by shareholders upon listing. Therefore, 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.
- 32.4. Rationale: Presently, subsisting agreements as on the date of regulation 26(6) coming into effect viz., January 4, 2017, is required to be approved by shareholders. Any new agreements entered by a listed entity also requires approval of shareholders. However, if agreements are entered before a company becomes listed, then those agreements are currently not covered under the ambit of regulation 26(6). Therefore, the proviso to regulation 26(6) is required to be modified.
- 32.5. Suggested text of the amendment: The suggested amendments to regulation 26(6) of SEBI LODR Regulations is given below:

Existing provisions	Suggested changes
<p>26(6) No employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution:</p> <p>Provided that such agreement, if any, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be disclosed to the stock exchanges for public dissemination</p> <p>Provided further that subsisting agreement, if any, as on the date of coming into force of this</p>	<p>26(6) No employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution:</p> <p><b>Provided that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting:</b></p> <p><del>Provided that such agreement, if any, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be</del></p>



sub-regulation shall be placed for approval before the Board of Directors in the forthcoming Board meeting:

Provided further that if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming general meeting:

Provided further that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.

Explanation - For the purposes of this sub-regulation, 'interested person' shall mean any person holding voting rights in the listed entity and who is in any manner, whether directly or indirectly, interested in an agreement or proposed agreement, entered into or to be entered into by such a person or by any employee or key managerial personnel or director or promoter of such listed entity with any shareholder or any other third party with respect to compensation or profit sharing in connection with the securities of such listed entity.

~~disclosed to the stock exchanges for public dissemination.~~

Provided further that any such subsisting agreement, if any, as on the date of coming into force of this sub-regulation that survives after listing shall be placed for approval before the Board of Directors in the forthcoming Board meeting:

Provided further that if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming first general meeting held after listing and all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.

~~Provided further that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.~~

Explanation - For the purposes of this sub-regulation, 'interested person' shall mean any person holding voting rights in the listed entity and who is in any manner, whether directly or indirectly, interested in an agreement or proposed agreement, entered into or to be entered into by such a person or by any employee or key managerial personnel or director or promoter of such listed entity with any shareholder or any other third party with respect to compensation or profit sharing in connection with the securities of such listed entity.

### 33. Additional information to be disclosed on website

- 33.1. Existing provisions: Regulations 46 of the LODR deals with information that needs to be disclosed on the website of a listed entity that has listed its specified securities.
- 33.2. Suggestions received: It was suggested that the Articles of Association of a listed entity and some additional documents need to be made available to the investors.
- 33.3. Recommendations and rationale: After taking into consideration the suggestions received and the deliberations, the Committee recommends the following additional documents / information that shall be made available by a listed entity on its website in the interest of investors:
- a) Articles of Association
  - b) Memorandum of Association
  - c) Brief profile of all Board of Directors (Including Directorship & Full-Time positions held in other body corporates)
  - d) Employee benefit scheme documents (e.g. ESOP, ESPS, SAR, etc.) framed in terms of SBEB Regulations.

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.

- 33.4. Suggested text of the amendment: The suggested amendments to regulation 46 of the LODR is given below:

Existing provisions	Suggested changes
<p>46(2) The listed entity shall disseminate the following information under a separate section on its website</p> <p>(a) details of its business.</p> <p>(b) terms and conditions of appointment of independent directors.</p> <p>(c) composition of various committees of board of directors.</p> <p>(d) code of conduct of board of directors and senior management personnel.</p> <p>(e) details of establishment of vigil mechanism/ Whistle Blower policy.</p> <p>(f) criteria of making payments to non-executive directors, if the same has not been disclosed in annual report.</p> <p>(g) policy on dealing with related party transactions.</p> <p>(h) policy for determining 'material' subsidiaries.</p> <p>(i) details of familiarization programmes imparted to independent directors including the following details: -</p> <p>(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),</p> <p>(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and</p>	<p>46(2) The listed entity shall disseminate the following information under a separate section on its website</p> <p>(a) details of its business.</p> <p><b>(aa) Memorandum of Association and Articles of Association</b></p> <p><b>(ab) Brief profile of board of directors including directorship and full-time positions in body corporates.</b></p> <p>(b) terms and conditions of appointment of independent directors.</p> <p>(c) composition of various committees of board of directors.</p> <p>(d) code of conduct of board of directors and senior management personnel.</p> <p>(e) details of establishment of vigil mechanism/ Whistle Blower policy.</p> <p>(f) criteria of making payments to non-executive directors, if the same has not been disclosed in annual report.</p> <p>(g) policy on dealing with related party transactions.</p> <p>(h) policy for determining 'material' subsidiaries.</p> <p>(i) details of familiarization programmes imparted to independent directors including the following details: -</p>

(iii) other relevant details  
(j) the email address for grievance redressal and other relevant details.  
(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances.  
(l) financial information including:  
(i) notice of meeting of the board of directors where financial results shall be discussed.  
(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved.  
(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.  
(m) shareholding pattern.  
(n) details of agreements entered with the media companies and/or their associates, etc.  
(o) Schedule of analysts or institutional investors meet 265at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors. Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means  
(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:  
(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier.  
(ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:  
Provided that—  
a. The information under sub-clause (i) shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.  
b. The information under sub-clause (ii) shall be hosted on the website of the listed entity and preserved in accordance with clause (a) of regulation 9.  
The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021, and mandatory with effect from April 01, 2022;  
(p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change.

(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),  
(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and  
(iii) other relevant details  
(j) the email address for grievance redressal and other relevant details.  
(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances.  
(l) financial information including:  
(i) notice of meeting of the board of directors where financial results shall be discussed.  
(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved.  
(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.  
(m) shareholding pattern.  
(n) details of agreements entered with the media companies and/or their associates, etc.  
(o) (i) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet).  
(ii) ~~p~~Presentations prepared by the listed entity ~~to~~ for analysts or institutional investors meet, post earnings / quarterly calls  
Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.  
(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, in the following manner:  
i. ~~the presentation t~~The audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;  
ii. the video recordings, if any, shall be made available on the website within forty-eight hours from the conclusion of such calls;  
iii. the transcripts of such calls shall be made available on the website along with simultaneous submission to recognized stock exchanges within five working days of the conclusion of such calls:

(q) items in sub-regulation (1) of regulation 47.

(r) With effect from October 1, 2018, all credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings.

(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year:  
 Provided that a listed entity, which has a subsidiary incorporated outside India—

(a) where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such subsidiary is placed on the website of the listed entity.

(b) where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website;

(t) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations.

(u) disclosure of the policy for determination of materiality of events or information required under clause (ii), sub-regulation (4) of regulation 30 of these regulations.

(v) disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub regulation (5) of regulation 30 of these regulations

(w) disclosures under sub-regulation (8) of regulation 30 of these regulations.

(x) statements of deviation(s) or variation(s) as specified in regulation 32 of these regulations.

(y) dividend distribution policy by listed entities based on market capitalization as specified in sub-regulation (1) of regulation 43A.

(z) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder

Provided that—

- (c) The information under sub-clause (i) & (ii) shall be hosted on the website of the listed entity for a minimum period of **five two** years and thereafter as per the **archival preservation** policy of the listed entity, ~~as disclosed on its website in terms of clause (b) of regulation 9.~~
- (d) The information under sub-clause (iii) shall be hosted on the website of the listed entity **for a minimum period of five years** and preserved in accordance with clause **(ab)** of regulation 9.

~~The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022;~~

(p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change.

(q) items in sub-regulation (1) of regulation 47.

(r) With effect from October 1, 2018, all credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings.

(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year:  
 Provided that a listed entity, which has a subsidiary incorporated outside India—

(a) where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such subsidiary is placed on the website of the listed entity.

(b) where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website;

(t) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations.

(u) disclosure of the policy for determination of materiality of events or information required under clause (ii), sub-regulation (4) of regulation 30 of these regulations.

	<p>(v) disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub regulation (5) of regulation 30 of these regulations</p> <p>(w) disclosures under sub-regulation (8) of regulation 30 of these regulations.</p> <p>(x) statements of deviation(s) or variation(s) as specified in regulation 32 of these regulations.</p> <p>(y) dividend distribution policy by listed entities based on market capitalization as specified in sub-regulation (1) of regulation 43A.</p> <p>(z) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder</p> <p>(AA) Employee Benefit Scheme Documents framed in terms of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</p> <p>Provided that for the purpose of compliance with sub-regulation (2), the listed entity may provide exact link to the webpage of each of the recognized stock exchanges where such information has already been made available by the listed entity.</p>
--	--

**CHAPTER IX – DRAFTING CHANGES TO CERTAIN PROVISIONS OF THE LODR  
REGULATIONS AND RELATED CIRCULARS**

**34. Drafting changes to certain provisions of the LODR and related circulars**

34.1. Few suggestions received from stakeholders pertain to drafting suggestions or minor modifications to the existing provisions. Taking into consideration the suggestions received, the proposed drafting changes to certain provisions are tabulated below (narration is kept brief as the amendments are self-explanatory):

Sl. No.	Existing provisions	Proposed changes
1)	<p><b>Definition of half-year [regulation 2(1)(k)]</b> To be omitted as it should be based on the Financial Year of a listed entity.</p>	
	<p>2(1)(k) “half year” means the period of six months commencing on the first day of April or October of a financial year;</p>	<p><del>2(1)(k) “half year” means the period of six months commencing on the first day of April or October of a financial year;</del></p>
2)	<p><b>Applicability of the corporate governance provisions (regulation 15(2)):</b> The word ‘or’ indicates that the corporate governance provisions will cease to apply even if one of the two parameters remain below the threshold for three continuous years. However, applicability of exemptions requires both the parameters to be below the threshold. Hence, re-applicability of exemptions should also require both the parameters to remain below the thresholds.</p>	
	<p><i>15. (2) The compliance with the corporate governance provisions as specified in regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of –</i></p> <p><i>(a) a listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty-five crore, as on the last day of the previous financial year:</i></p> <p><i>Provided that where the provisions of regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V become applicable to a listed entity at a later date, it shall ensure compliance with the same within six months from such date:</i></p> <p><i>Provided further that once the above regulations become applicable to a listed entity, they shall</i></p>	<p><i>15. (2) The compliance with the corporate governance provisions as specified in regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 26A, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of –</i></p> <p><i>(a) a listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty-five crore, as on the last day of the previous financial year:</i></p> <p><i>Provided that where the provisions of regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V become applicable to a listed entity at a later date, it shall ensure compliance with the same within six months from such date:</i></p> <p><i>Provided further that once the <del>above regulations</del> corporate governance provisions as specified in</i></p>

	<p><i>continue to remain applicable till such time the equity share capital or the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years.</i></p>	<p><i>regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V become applicable to a listed entity, they shall continue to remain applicable till such time the equity share capital <del>or</del> and the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years.</i></p>
<p>3)</p>	<p><b>Approval of shareholders for continuation of directorship of Non-executive director beyond the age of 75 years</b></p> <p>To clarify that prior approval of shareholders by way of special resolution would be required before the director crosses the age of 75 years .</p>	
	<p>17(1A) No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.</p>	<p>17(1A) No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person-</p> <p><i>Provided that the listed entity shall ensure compliance with (1A) above at the time of appointment or re-appointment or any time prior to the non-executive director crossing the age of seventy- five years.</i></p>
<p>4)</p>	<p><b>Changes to the provisos to regulation 17(1D)</b></p> <p>The words "applicable" creates a confusion that the entire regulation 17 is not applicable for cases mentioned under Second, Third &amp; Fourth Provisos to Regulation 17(1D) whereas only the sub-regulation is not applicable. Hence, the proposed drafting changes will bring in clarity.</p>	
	<p>(1D) With effect from April 1, 2024, the continuation of a director serving on the board of directors of a listed entity shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or re-appointment, as the case may be:</p> <p>Provided that the continuation of the director serving on the board of directors of a listed entity as on March 31, 2024, without the approval of the shareholders for the last five years or more shall be subject to the approval of shareholders in the first general meeting to be held after March 31, 2024:</p> <p>Provided further that the requirement specified in this regulation shall not be applicable to the Whole-Time Director, Managing Director, Manager, Independent Director or a Director</p>	<p>(1D) With effect from April 1, 2024, the continuation of a director serving on the board of directors of a listed entity shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or re-appointment, as the case may be:</p> <p>Provided that the continuation of the director serving on the board of directors of a listed entity as on March 31, 2024, without the approval of the shareholders for the last five years or more shall be subject to the approval of shareholders in the first general meeting to be held after March 31, 2024:</p> <p>Provided further that the requirement specified in this <b>sub</b>-regulation shall not be applicable to the Whole-Time Director, Managing Director, Manager, Independent Director or a Director</p>

	<p>retiring as per the sub-section (6) of section 152 of the Companies Act, 2013, if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of these regulations or the Companies Act, 2013 and has been complied with:</p> <p>Provided further that the requirement specified in this regulation shall not be applicable to the director appointed pursuant to the order of a Court or a Tribunal or to a nominee director of the Government on the board of a listed entity, other than a public sector company, or to a nominee director of a financial sector regulator on the board of a listed entity:</p> <p>Provided further that the requirement specified in this regulation shall not be applicable to a director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a Debenture Trustee registered with the Board under a subscription agreement for the debentures issued by the listed entity.</p>	<p>retiring as per the sub-section (6) of section 152 of the Companies Act, 2013, if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of these regulations or the Companies Act, 2013 and has been complied with:</p> <p>Provided further that the requirement specified in this <b>sub</b>-regulation shall not be applicable to the director appointed pursuant to the order of a Court or a Tribunal or to a nominee director of the Government on the board of a listed entity, other than a public sector company, or to a nominee director of a financial sector regulator on the board of a listed entity:</p> <p>Provided further that the requirement specified in this <b>sub</b>-regulation shall not be applicable to a director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a Debenture Trustee registered with the Board under a subscription agreement for the debentures issued by the listed entity.</p>
5)	<b>Recommendations of the Board to the shareholders to specifically include rationale of the board of directors</b>	
	<p>17(11) The statement to be annexed to the notice as referred to in sub-section (1) of section 102 of the Companies Act, 2013 for each item of special business to be transacted at a general meeting shall also set forth clearly the recommendation of the board to the shareholders on each of the specific items.</p>	<p>17(11) The statement to be annexed to the notice as referred to in sub-section (1) of section 102 of the Companies Act, 2013 for each item of special business to be transacted at a general meeting shall also set forth clearly the recommendation of the board to the shareholders <b>along with the rationale</b> on each of the specific items.</p>
6)	<b>Gap between two meetings to be modified to gap between two consecutive meetings and no. of meetings in a “year” to be modified into no. of meetings in a “financial year” – For uniformity and consistency.</b>	
	<p>(17)(2) The board of directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.</p>	<p>(17)(2) The board of directors shall meet at least four times a <b>financial</b> year, with a maximum time gap of one hundred and twenty days between any two <b>consecutive</b> meetings.</p>
	<p>(17)(6)(ca) The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.</p>	<p>(17)(6)(ca) The approval of shareholders by special resolution shall be obtained every <b>financial</b> year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive</p>



		directors, giving details of the remuneration thereof.
	18(2) The listed entity shall conduct the meetings of the audit committee in the following manner: (a) The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.	18(2) The listed entity shall conduct the meetings of the audit committee in the following manner: (a) The audit committee shall meet at least four times in a financial year and not more than one hundred and twenty days shall elapse between two consecutive meetings.
	19(3A) The nomination and remuneration committee shall meet at least once in a year.	19(3A) The nomination and remuneration committee shall meet at least once in a financial year.
	20(3A) The stakeholders relationship committee shall meet at least once in a year.	20(3A) The stakeholders relationship committee shall meet at least once in a financial year.
	21(3A) The risk management committee shall meet at least twice in a year.	21(3A) The risk management committee shall meet at least twice in a financial year.
7)	<b>Details of material related party transactions to be deleted from quarterly corporate governance report</b> These details are separately captured in the half-yearly reports.	
	27(2)(a) The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognised stock exchange(s) within twenty one days from the end of each quarter. (b) Details of all material transactions with related parties shall be disclosed along with the report mentioned in clause (a) of sub-regulation (2).	27(2)(a) The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognised stock exchange(s) within twenty one days from the end of each quarter. <del>(b) Details of all material transactions with related parties shall be disclosed along with the report mentioned in clause (a) of sub-regulation (2).</del>
8)	<b>Clarity in the language of regulation 30A:</b> Clarity has been sought on the details that have to be disclosed on the website and in the annual report. The minimum information that needs to be disclosed shall be as specified in SEBI Circular dated July 13, 2023. Minor changes are proposed to regulation 30A to bring in further clarity.	
	<b>30A(1)</b> All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of a listed entity or of its holding, subsidiary and associate company, who are parties to the agreements specified in clause 5A of para A of part A of schedule III to these regulations, shall inform the listed entity about the agreement to which such a listed entity is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements:  Provided that for the agreements that subsist as on the date of notification of clause 5A to para A	<b>30A(1)</b> All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of a listed entity or of its holding, subsidiary and associate company, who are parties to the agreements specified in clause 5A of para A of part A of schedule III to these regulations, shall inform the listed entity about the agreement to which such a listed entity is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements:  Provided that for the agreements that subsist as on the date of notification of clause 5A to para A

	<p>of part A of schedule III, the parties to the agreements shall inform the listed entity, about the agreement to which such a listed entity is not a party and the listed entity shall in turn disclose all such subsisting agreements to the Stock Exchanges and on its website within the timelines as specified by the Board.</p> <p>(2) The listed entity shall disclose the number of agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III, their salient features, including the link to the webpage where the complete details of such agreements are available, in the Annual Report for the financial year 2022-23 or for the financial year 2023-24.</p>	<p>of part A of schedule III, the parties to the agreements shall inform the listed entity, about the agreement to which such a listed entity is not a party and the listed entity shall in turn disclose all such subsisting agreements to the Stock Exchanges and on its website within the timelines as specified by the Board.</p> <p>(2) The listed entity shall disclose the number of agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III, their salient features, including the link to the webpage where the <b>complete</b> details of such agreements are available, in the Annual Report for the financial year 2022-23 or for the financial year 2023-24.</p>
9)	<p><b>Changes to regulation 39(2) on letter of confirmation instead of new certificates</b></p> <p>Pursuant to SEBI's Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022, Letters of Confirmations instead, of new Share Certificates, are required to be issued to shareholders post effecting subdivision, split, consolidation, renewal, issuance of duplicate share certificate etc., therefore, for better clarity it is suggested to modify the clause.</p>	
	<p>Regulation 39(2): The listed entity shall effect issuance of certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, as applicable, in dematerialised form within a period of thirty days from the date of such lodgement.</p>	<p>Regulation 39(2): The listed entity shall effect issuance of <del>certificates</del> <b>Letter of Confirmation</b> or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or <del>issuance of new certificates</del> <b>Letter of Confirmation</b> or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, as applicable in dematerialised form within a period of thirty days from the date of such lodgement.</p>
10)	<p><b>References to transfer of securities in regulation 40 to be deleted</b></p> <p>Transfer of shares in physical form has been discontinued by SEBI with effect from 1st April 2019. While a proviso was added to Regulation 40(1) to restrict transfer of securities in physical form w.e.f. April 1, 2019, other sub-regulations and Schedule VII still have provisions which were applicable at the time of transfer of shares in physical form. Hence, the language of regulation 40 is being modified appropriately.</p>	

<p>40(1) - Save as otherwise specified in provisions of securities laws or Companies Act, 2013 and rules made thereunder, the listed entity shall also comply with the requirements as specified in this regulation for effecting transfer of securities:</p> <p>Provided that requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository:</p> <p>Provided further that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form.</p> <p>(2) The board of directors of a listed entity may delegate the power of transfer of securities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s):</p> <p>Provided that the board of directors and/or the delegated authority shall attend to the formalities pertaining to transfer of securities at least once in a fortnight:</p> <p>Provided further that the delegated authority shall report on transfer of securities to the board of directors in each meeting.</p> <p>(3) On receipt of proper documentation, the listed entity shall register transfers of its securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of transfers; or issue any valid objection or intimation to the transferee or transferor, as the case may be, within a period of fifteen days from the date of such receipt of request for transfer:</p> <p>Provided that the listed entity shall ensure that transmission requests are processed within seven days, after receipt of the specified documents:</p> <p>Provided further that proper verifiable dated records of all correspondence with the investor shall be maintained by the listed entity.</p> <p>(4) The listed entity shall not register transfer when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains it from transferring the securities from the name of the transferor(s).</p> <p>(5) The listed entity shall not register the transfer of its securities in the name of the transferee(s) when the transferor(s) objects to the transfer:</p> <p>Provided that the transferor serves on the listed entity, within sixty working days of raising the</p>	<p>40(1) - Save as otherwise specified in provisions of securities laws or Companies Act, 2013 and rules made thereunder, the listed entity shall also comply with the requirements as specified in this regulation for effecting transfer of securities:</p> <p>Provided that requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository:</p> <p>Provided further that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form.</p> <p><del>(2) The board of directors of a listed entity may delegate the power of transfer of securities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s):</del></p> <p><del>Provided that the board of directors and/or the delegated authority shall attend to the formalities pertaining to transfer of securities at least once in a fortnight:</del></p> <p><del>Provided further that the delegated authority shall report on transfer of securities to the board of directors in each meeting.</del></p> <p><del>(3) On receipt of proper documentation, the listed entity shall register transfers of its securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of transfers; or issue any valid objection or intimation to the transferee or transferor, as the case may be, within a period of fifteen days from the date of such receipt of request for transfer:</del></p> <p><del>Provided that the listed entity shall ensure that transmission requests are processed within seven days, after receipt of the specified documents:</del></p> <p><del>Provided further that proper verifiable dated records of all correspondence with the investor shall be maintained by the listed entity.</del></p> <p>(4) The listed entity shall not register transfer when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains it from transferring the securities from the name of the transferor(s).</p> <p>(5) The listed entity shall not register the transfer of its securities in the name of the transferee(s) when the transferor(s) objects to the transfer:</p> <p>Provided that the transferor serves on the listed entity, within sixty working days of raising the</p>
--	--

<p>objection, a prohibitory order of a Court of competent jurisdiction.</p> <p>(6) The listed entity shall not decline to, register or acknowledge any transfer of shares, on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the listed entity on any account whatsoever.</p> <p>(7) The listed entity shall comply with all procedural requirements as specified in Schedule VII with respect to transfer and transmission of securities.</p> <p>(8) In case the listed entity has not effected transfer of securities within fifteen days or where the listed entity has failed to communicate to the transferee(s) any valid objection to the transfer, within the stipulated time period of fifteen days, the listed entity shall compensate the aggrieved party for the opportunity losses caused during the period of the delay:  Provided that during the intervening period on account of delay in transfer above, the listed entity shall provide all benefits, which have accrued, to the holder of securities in terms of provisions of Section 126 of Companies Act, 2013, and Section 27 of the Securities Contracts (Regulation) Act, 1956.</p> <p>(9) The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within thirty days from the end of the financial year, certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.</p> <p>(10) The listed entity shall ensure that certificate mentioned at sub-regulation (9), shall be filed with the stock exchange(s) simultaneously.</p> <p>(11) In addition to transfer of securities, the provisions of this regulation shall also apply to the following:</p> <p>(a) deletion of name of the deceased holder(s) of securities, where the securities are held in the name of two or more holders of securities;</p> <p>(b) transmission of securities to the legal heir(s), where deceased holder of securities was the sole holder of securities;</p> <p>(c) transposition of securities, when there is a change in the order of names in which physical securities are held jointly in the names of two or more holders of securities.</p>	<p>objection, a prohibitory order of a Court of competent jurisdiction.</p> <p><del>(6) The listed entity shall not decline to, register or acknowledge any transfer of shares, on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the listed entity on any account whatsoever.</del></p> <p>(7) The listed entity shall comply with all procedural requirements as specified in Schedule VII with respect to transfer and transmission of securities.</p> <p><del>(8) In case the listed entity has not effected transfer of securities within fifteen days or where the listed entity has failed to communicate to the transferee(s) any valid objection to the transfer, within the stipulated time period of fifteen days, the listed entity shall compensate the aggrieved party for the opportunity losses caused during the period of the delay:  Provided that during the intervening period on account of delay in transfer above, the listed entity shall provide all benefits, which have accrued, to the holder of securities in terms of provisions of Section 126 of Companies Act, 2013, and Section 27 of the Securities Contracts (Regulation) Act, 1956.</del></p> <p><del>(9) The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within thirty days from the end of the financial year, certifying that have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.</del></p> <p><del>(10) The listed entity shall ensure that certificate mentioned at sub-regulation (9), shall be filed with the stock exchange(s) simultaneously.</del></p> <p>(11) In addition to transfer of securities, the provisions of this regulation shall also apply to the following:</p> <p>(a) deletion of name of the deceased holder(s) of securities, where the securities are held in the name of two or more holders of securities;</p> <p>(b) transmission of securities to the legal heir(s), where deceased holder of securities was the sole holder of securities;</p> <p>(c) transposition of securities, when there is a change in the order of names in which physical securities are held jointly in the names of two or more holders of securities.</p>
--	---

11)	<b>Deletion of redundant information from the Annual Report disclosures</b>	
	<b>Schedule V: Annual Report</b>	
	<p><b>C. Corporate Governance Report</b></p> <p>(9) General shareholder information:</p> <p>(a) annual general meeting - date, time and venue;</p> <p>(b) financial year;</p> <p>(c) dividend payment date;</p> <p>(d) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);</p> <p>(e) stock code;</p> <p>(f) market price data- high, low during each month in last financial year;</p> <p>(g) performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.;</p> <p>....</p>	<p><b>C. Corporate Governance Report</b></p> <p>(9) General shareholder information:</p> <p>(a) annual general meeting - date, time and venue;</p> <p>(b) financial year;</p> <p>(c) dividend payment date;</p> <p>(d) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);</p> <p><del>(e) stock code;</del></p> <p><del>(f) market price data- high, low during each month in last financial year;</del></p> <p><del>(g) performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.;</del></p> <p>.....</p>
12)	<b>Clarity on Group Governance Unit</b>	
	<p>In view of the suggestions received on composition, the Committee deliberated on the need to provide clarity on Group Governance Unit or Governance committee that may be constituted by listed entities in terms of section VI-H of SEBI Master Circular dated July 11, 2023. The Committee noted that it is a voluntary provision introduced with the objective monitoring the governance of unlisted subsidiaries of a listed entity. The provision provides flexibility to the listed entity / board of directors to decide the mechanism to monitor the group governance. Therefore, the language is being suitably modified.</p>	
	<p><b>2.1 Group Governance Unit:</b></p> <p>2.1.1 Where the listed entity has a large number of unlisted subsidiaries:</p> <p>i. The listed entity may monitor their governance through a dedicated group governance unit or Governance Committee comprising the members of its board of directors.</p> <p>ii. A strong and effective group governance policy may be established by the entity.</p> <p>iii. The decision of setting up of such a unit/committee or having such a policy shall lie with the board of directors of the listed entity.</p>	<p><b>2.1 Group Governance Unit:</b></p> <p>2.1.1 Where the listed entity has a large number of unlisted subsidiaries:</p> <p>i. The listed entity may monitor their governance through a dedicated group governance unit or Governance Committee <del>comprising the members of its board of directors.</del></p> <p>ii. A strong and effective group governance policy may be established by the entity.</p> <p>iii. <del>The decision of setting up of such a unit/committee or having such a policy shall lie with the board of directors of the listed entity.</del></p>

\*\*\*\*\*

**PART B – RECOMMENDATIONS RELATING TO**  
**ICDR REGULATIONS**

## CHAPTER X: SUGGESTIONS TOWARDS EASE OF DOING BUSINESS AND PROVIDING CLARITY WITH THE OBJECTIVE OF INCREASING TRANSPARENCY IN RESPECT TO PROVISIONS UNDER ICDR REGULATIONS

### 35. Review of price band advertisement and other issue related advertisements

#### 35.1. Existing provisions:

- i. The ICDR requires issuers that have not disclosed the floor price or the price band in the red herring prospectus (RHP) to announce such floor price or the price band through a price band advertisement, in the same newspapers in which the pre-issue advertisement was published (or together with the pre-issue advertisement).

#### 35.2. Suggestion from stakeholders:

- i. It was suggested to combine the price band advertisement and the pre-issue advertisement as both advertisements are issued on the same day and involve duplication of disclosures of information.
- ii. It was also suggested that disclosures in the current format of the price band advertisement may be reduced to provide only relevant information. This can be done by providing links / cross-references.

#### 35.3. Recommendation of Expert Committee:

- i. The Expert Committee noted that the price band advertisement did involve duplication of disclosures of information with the pre-issue advertisement. In certain instances, the price band advertisement covered multiple pages.
- ii. Certain information disclosed in the price band advertisement is also disclosed in the pre-issue advertisement (such as the risks to investors, bid/offer period, minimum bid lot etc.). Accordingly, the existing price band advertisement and the pre-issue advertisement could be combined. Issuers will be required to issue the pre-issue and price band advertisement two working days before the opening of the issue.
- iii. The Expert Committee noted that all the information disclosed in the price band advertisement, other than details in relation to price, were also disclosed in the red herring prospectus. Accordingly, a cross-reference to the relevant section of the red herring prospectus could be provided for such information. Additionally, certain information could also be replaced with a quick response (QR) code to the website of the lead managers. This would reduce the contents of the price band advertisement and also be an eco-friendly and green initiative.

- 35.4. Based on the deliberations of the Expert Committee, the revised format for the pre-issue and price band advertisement is enclosed as [Annexure 5](#). Certain key changes that are proposed include:

- i. 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”.
- ii. 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.
- iii. 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.
- iv. 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.

35.5. Proposed amendments to regulations:

- i. Formats of Part A, B and C of Schedule X to the ICDR to be modified based on the above recommendations (enclosed as **Annexures 5, 6 and 7**).

35.6. Suggested text of the amendment is given below:

**Regulation 29: Price and price band**

<b>Current ICDR provision</b>	<b>Proposed amendments to the ICDR</b>
<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p style="padding-left: 40px;">Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.</p> <p style="padding-left: 40px;">Provided that the cap of the price band shall be at least one hundred and five percent of the floor price.</p>	<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p style="padding-left: 40px;">Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.</p> <p style="padding-left: 40px;">Provided that the cap of the price band shall be at least one hundred and five percent of the floor price.</p>



Current ICDR provision	Proposed amendments to the ICDR
<p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under <b>Part A</b> of <b>Schedule X</b>.</p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).</p>	<p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) <del>Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus,</del> The issuer shall announce the floor price or the price band at least two working days before the opening of the issue in <del>the same newspapers in which the pre-issue advertisement was released or together with</del> the pre-issue and price band advertisement in the format prescribed under <b>Part A</b> of <b>Schedule X</b> <u>in the same newspapers in which the advertisement under sub-regulation (2) of Regulation 26 was issued.</u></p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).</p>

### Regulation 43: Issue-related advertisements

Current ICDR provision	Proposed amendments to the ICDR
<p>(1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the red herring prospectus (in case of a book built issue) or prospectus (in case of fixed price issue) with the Registrar of Companies, make a pre-issue advertisement in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the</p>	<p>(1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the red herring prospectus (in case of a book built issue) or prospectus (in case of fixed price issue) with the Registrar of Companies, make a pre-issue <u>and price band</u> advertisement in <del>one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the</del></p>

<p>registered office of the issuer is situated.</p> <p>(2) The pre-issue advertisement shall be in the format and shall contain the disclosures specified in <b>Part A of Schedule X</b>.</p> <p>Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 29.</p> <p>(3) The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in <b>Parts B and C of Schedule X</b>.</p> <p>(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.</p>	<p><del>registered office of the issuer is situated the same newspapers in which the advertisement under sub-regulation (2) of Regulation 26 was issued.</del></p> <p>(2) The pre-issue <u>and price band</u> advertisement shall be in the format and shall contain the disclosures specified in <b>Part A of Schedule X</b>.</p> <p><del>Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 29.</del></p> <p>(3) The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in <b>Parts B and C of Schedule X</b>.</p> <p>(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.</p>
--	--

### Regulation 127: Price and price band

Current ICDR provision	Proposed amendments to the ICDR
<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p>Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.</p>	<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p>Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>Provided that the cap of the price band shall be at least one hundred and five percent of the floor price.</p> <p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least one working day before the opening of the bid in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under <b>Part A of Schedule X</b>.</p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section title “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).</p>	<p>Provided that the cap of the price band shall be at least one hundred and five percent of the floor price.</p> <p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) <del>Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus,</del> <u>The issuer shall announce the floor price or the price band at least two working days before the opening of the bid in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue <u>and price band</u> advertisement in the format prescribed under <b>Part A of Schedule X in the same newspapers in which the advertisement under sub-regulation (2) of Regulation 124 was issued.</b></u></p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section title “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).</p>

### Regulation 139: Issue-related advertisements

Current ICDR provision	Proposed amendments to the ICDR
<p>(1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the red herring prospectus (in case of a book built issue) or prospectus (in case of fixed price issue) with the Registrar of Companies, make a pre-issue advertisement in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one</p>	<p>(1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the red herring prospectus (in case of a book built issue) or prospectus (in case of fixed price issue) with the Registrar of Companies, make a pre-issue <u>and price band</u> advertisement in <del>one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one</del></p>

Current ICDR provision	Proposed amendments to the ICDR
<p>regional language newspaper with wide circulation at the place where the registered office of the issuer is situated.</p> <p>(2) The pre-issue advertisement shall be in the format and shall contain the disclosures specified in <b>Part A of Schedule X</b>.</p> <p>Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall be applicable only where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 127.</p> <p>(3) The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in <b>Parts B and C of Schedule X</b>.</p> <p>(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.</p>	<p><del>regional language newspaper with wide circulation at the place where the registered office of the issuer is situated the same newspapers in which the advertisement under sub-regulation (2) of Regulation 124 was issued.</del></p> <p>(2) The pre-issue <u>and price band</u> advertisement shall be in the format and shall contain the disclosures specified in <b>Part A of Schedule X</b>.</p> <p><del>Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall be applicable only where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 127.</del></p> <p>(3) The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in <b>Parts B and C of Schedule X</b>.</p> <p>(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.</p>

### Regulation 189: Price and price band

Current ICDR provision	Proposed amendments to the ICDR
<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p>Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band shall be less than or equal to one hundred and twenty per cent of the floor price.</p>	<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p>Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band shall be less than or equal to one hundred and twenty per cent of the floor price.</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>(3) The floor price or the final price shall not be less than the face value of the IDRs.</p> <p>(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under <b>Part A</b> of <b>Schedule X</b>.</p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).</p>	<p>(3) The floor price or the final price shall not be less than the face value of the IDRs.</p> <p>(4) <del>Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus,</del> <u>The issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue <u>and price band</u> advertisement in the format prescribed under <b>Part A</b> of <b>Schedule X</b> <u>in the same newspapers in which the advertisement under sub-regulation (2) of Regulation 187 was issued.</u></u></p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).</p>

### Regulation 250: Price and price band

Current ICDR provision	Proposed amendments to the ICDR
<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p>Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p>	<p>(1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before filing the prospectus with the Registrar of Companies:</p> <p>Provided that the prospectus filed with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments shall be less than or equal to one hundred and twenty per cent. of the floor price.</p> <p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under <b>Part A</b> of <b>Schedule X</b>.</p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the SME exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the SME exchange(s).</p>	<p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments shall be less than or equal to one hundred and twenty per cent. of the floor price.</p> <p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) <del>Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus,</del> <u>The issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue and price band advertisement in the format prescribed under <b>Part A</b> of <b>Schedule X</b> in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated.</u></p> <p>(5) The announcement referred to in sub-regulation (4) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled “basis of issue price” of the offer document.</p> <p>(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the SME exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the SME exchange(s).</p>

**Regulation 264: Issue-related advertisements**

Current ICDR provision	Proposed amendments to the ICDR
<p>(1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the prospectus with the Registrar of Companies, make a pre-issue advertisement in one English</p>	<p>(1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after filing the prospectus with the Registrar of Companies, make a pre-issue <u>and price band</u> advertisement in</p>

Current ICDR provision	Proposed amendments to the ICDR
<p data-bbox="301 237 831 432">national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated.</p> <p data-bbox="253 468 831 598">(2) The pre-issue advertisement shall be in the format and shall contain the disclosures specified in <b>Part A of Schedule X</b>.</p> <p data-bbox="301 633 831 902">Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 250.</p> <p data-bbox="253 938 831 1099">(3) The issuer may issue advertisements for issue opening and issue closing advertisements, which shall be in the formats specified in <b>Parts B and C of Schedule X</b>.</p> <p data-bbox="253 1135 831 1337">(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.</p> <p data-bbox="253 1373 831 1597">(5) An announcement regarding closure of the issue shall be made only after the lead manager(s) is satisfied that at least ninety per cent. of the offer has been subscribed and a certificate has been obtained to that effect from the registrar to the issue:</p> <p data-bbox="301 1632 831 1798">Provided that such an announcement shall not be made before the date on which the issue is to be closed except for issue closing advertisement made in the format prescribed in these regulations.</p>	<p data-bbox="904 237 1437 533"><del>one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated the same newspapers in which the advertisement under sub-regulation (4) of Regulation 250 was issued.</del></p> <p data-bbox="857 568 1437 698">(2) The pre-issue <u>and price band</u> advertisement shall be in the format and shall contain the disclosures specified in <b>Part A of Schedule X</b>.</p> <p data-bbox="904 734 1437 1003"><del>Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 250.</del></p> <p data-bbox="857 1039 1437 1200">(3) The issuer may issue advertisements for issue opening and issue closing advertisements, which shall be in the formats specified in <b>Parts B and C of Schedule X</b>.</p> <p data-bbox="857 1236 1437 1438">(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.</p> <p data-bbox="857 1473 1437 1697">(5) An announcement regarding closure of the issue shall be made only after the lead manager(s) is satisfied that at least ninety per cent. of the offer has been subscribed and a certificate has been obtained to that effect from the registrar to the issue:</p> <p data-bbox="904 1733 1437 1899">Provided that such an announcement shall not be made before the date on which the issue is to be closed except for issue closing advertisement made in the format prescribed in these regulations.</p>

**Following requirements to be inserted as clause (4)(E1) of Part A to Schedule VI of ICDR:**

4(E1) – For the promoter(s), promoter group and additional top 10 shareholders, the post-issue shareholding as at allotment, in the following format in the prospectus:

Shareholding of Promoter / Promoter Group and Additional Top 10 Shareholders of the Company as at allotment:

	<u>Shareholders</u>	<u>Number of Equity Shares<sup>(2)(3)</sup></u>	<u>Shareholding (in %)<sup>(2)(3)</sup></u>
1.	<u>Promoter 1 [Name]</u>	<u>[●]</u>	<u>[●]%</u>
	<u>Promoter 2 [Name]</u>	<u>[●]</u>	<u>[●]%</u>
	<u>Promoter Group<sup>(1)</sup></u>	<u>[●]</u>	<u>[●]%</u>
2.	<u>[●]</u>	<u>[●]</u>	<u>[●]%</u>
3.	<u>[●]</u>	<u>[●]</u>	<u>[●]%</u>
<u>.....</u>			
9.	<u>[●]</u>	<u>[●]</u>	<u>[●]%</u>
10.	<u>[●]</u>	<u>[●]</u>	<u>[●]%</u>
11.	<u>[●]</u>	<u>[●]</u>	<u>[●]%</u>

Notes:

- 1) The Promoter Group shareholders are [●], [●] and [●].
- 2) Includes all options that have been exercised until date of prospectus and any transfers of equity shares by existing shareholders after the date of the pre-issue and price band advertisement until date of prospectus.
- 3) Based on the Issue price of ₹[●] and subject to finalization of the basis of allotment.



### **36. 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**

- 36.1. Existing provisions: Under the current provisions, proforma financial statements for a public offering or a rights issue (fast track or otherwise) 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. The proforma financial statements are required to be prepared in accordance with the guidance note issued by the Institute of Chartered Accountants of India from time to time and certified by the statutory auditor or chartered accountant.

The issuer may also voluntarily choose to provide proforma financial statements of acquisitions or divestments even when they are below the materiality threshold.

Currently, there are no enabling regulations under the ICDR for an issuer to voluntarily include proforma financial statements or for the disclosure of proforma financials for acquisitions or divestments in a placement document for a qualified institutions placement ("QIPs").

There are no enabling regulations for the voluntarily inclusion of the financial statements of the subsidiary or business that has been acquired/divested (other than if the objects of the issue in a public offer/rights issue are proposed to be utilized for an acquisition).

#### 36.2. Suggestion from stakeholders:

- i. It was suggested that issuers should be permitted to disclose, on a voluntarily basis, proforma financial statements which are certified by a statutory auditor or an independent peer reviewed chartered accountant. For public offerings and rights issues, the issuer should be permitted to voluntarily include proforma financial statements for such fiscal periods as it deems necessary (including the last three years and stub period).
- ii. For QIPs, it was suggested that issuers should be allowed to voluntarily include such information as disclosed in public offerings.
- iii. It was suggested that issuers should also be permitted to: (i) voluntarily disclose financial statements of the subsidiaries/businesses that have been acquired or divested; and (ii) voluntarily disclose proforma financial statements to disclose the impact of any acquisition proposed to be undertaken with the use of proceeds of the issue.

#### 36.3. Recommendation of Expert Committee: It was recommended that:

- i. 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

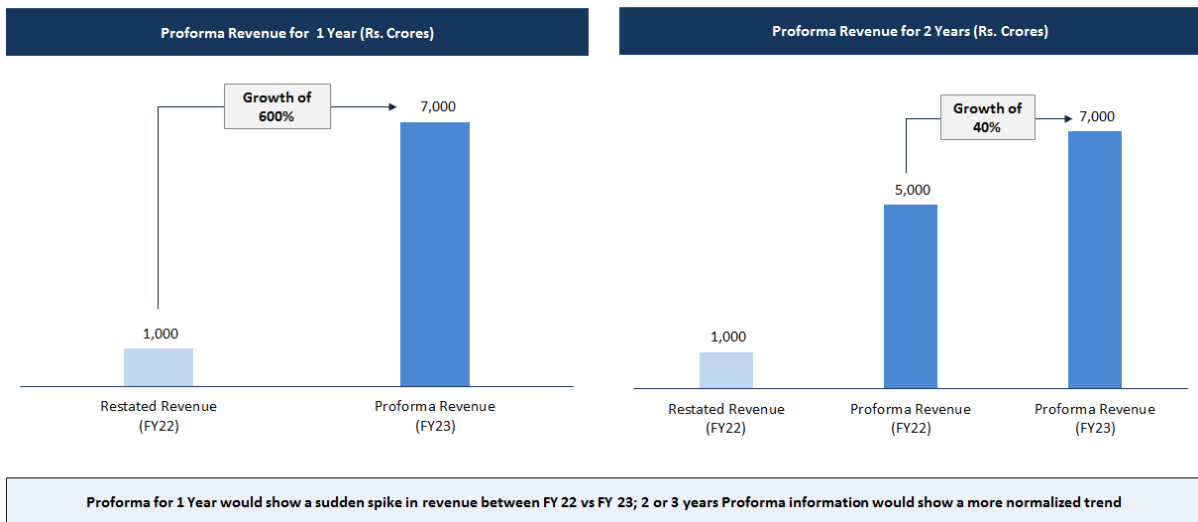
necessary, including, even if the acquisition or divestment was undertaken before the completion of the latest period(s) for which financial statements are disclosed, especially if the full year impact of the acquisition or divestment is not reflected in the latest period(s) financial statements;

- ii. 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;
- iii. 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
- iv. 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.

Illustrations on how proforma disclosures are helpful to investors are given below:

### Voluntary Inclusion of Proforma FS for More Than 1 FY

Significant Acquisition done post completion of FY but Proforma FS disclosed only 1 FY

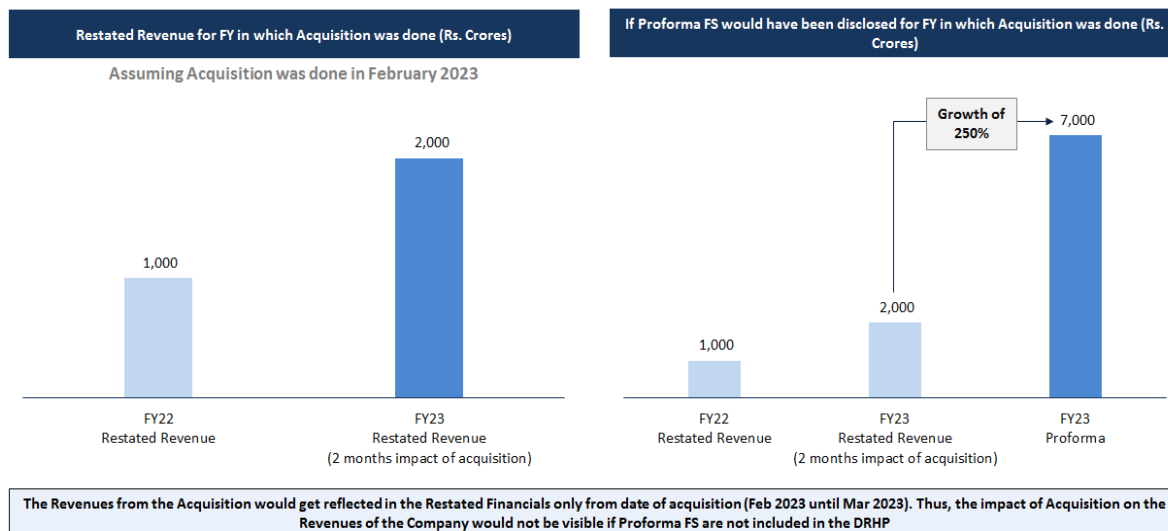


The above chart provides an illustration of a company that has consummated a material acquisition of another company post FY 2023 (i.e. post March 31, 2023), and intends to file a draft red herring prospectus with restated consolidated audited financial statements for FY 2023, FY 2022 and FY 2021. In such an instance, the proforma financial statements would be included in the DRHP for the latest completed financial year (i.e. FY 2023) and stub period (if any) as per the current framework of the SEBI ICDR Regulations. However, in the absence of comparative proforma financials for FY 2022, investors would see a huge

jump in financial parameters (such as revenues) when comparing the restated consolidated audited financial statements for FY 2022 vs. the FY 2023 proforma financials. However, the growth trend would get normalized if proforma financial statements of FY 2023 were to be compared to proforma financial statements of FY 2022.

### Voluntary Inclusion of Proforma FS even if Acquisition Consummated Prior to Completion of Last FY

Significant Acquisition done prior to completion of FY and thus no Proforma FS disclosed in DRHP



The above chart provides an illustration of a company that has consummated a material acquisition of another company during FY 2023 (say February 1, 2023), and intends to file a draft red herring prospectus with restated consolidated audited financial statements for FY 2023, FY 2022 and FY 2021. In such an instance, the income statement of the acquired company would be consolidated with the issuer company from date of acquisition (February 1, 2023) until the end of the financial year (March 31, 2023), thereby reflecting the financial impact of acquisition on restated consolidated audited financial statements for two months in FY 2023. Given that the acquisition has been consummated before the latest period for which financial information is disclosed in the draft offer document, proforma financial statements are not required to be disclosed as per the current framework of the SEBI ICDR Regulations. This would make it difficult for an investor to understand the impact of the acquisition on the financial statements of the issuer company.

Thus, in both the above illustrations, the voluntarily inclusion of proforma financial statements would help the investor better understand the impact of the acquisition on the financial statements of the issuer company.

#### 36.4. Suggested text of the amendment is given below:

For Schedule VI – Part A:

Current ICDR provision	Proposed amendments to the ICDR
<b>Schedule VI – Part A</b>	<b>Schedule VI – Part A</b>
<b>Paragraph (11)(I)(B)(ii)</b>	<b>Paragraph (11)(I)(B)(ii)</b>
If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the	If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the

Current ICDR provision	Proposed amendments to the ICDR
<p>audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft letter of offer/letter of offer. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.</p> <p><b>Paragraph (11)(I)(B)(iii)</b></p> <p><b>Proforma financial statements</b> – The Issuer shall provide Proforma financial statements, as certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI), of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the offer document but before the date of filing of the offer document. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for the last completed financial year and the stub period (if any). The Proforma financial statements shall be</p>	<p>audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft letter of offer/letter of offer. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. <u>The issuer company may also voluntarily include proforma financial statements to disclose the impact of such acquisition, for such financial periods as determined by the issuer company, provided such proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guideline issued by the ICAI from time to time and certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).</u> In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with <u>any guidance note, standard on assurance engagement or guideline</u> issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.</p> <p><b>Paragraph (11)(I)(B)(iii)</b></p> <p><b>Proforma financial statements</b> – The Issuer shall provide Proforma financial statements, as certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI), of all the subsidiaries or businesses material to the consolidated financial statements</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>prepared in accordance with Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.</p>	<p><u>(individually or collectively)</u> where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the offer document but before the date of filing of the offer document. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for <u>at-least</u> the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with <u>any Guidance Note, standard on assurance engagement or guideline</u> issued by the ICAI from time to time and certified by the statutory auditor <u>or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI</u>. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions <u>or divestments (i)</u> even when they are below the above materiality threshold, <u>or (ii) the acquisitions or divestments have been completed prior to the latest period(s) for which financial information is disclosed in the draft offer document or the offer document. Furthermore, the Proforma financial statements may be disclosed for such financial periods as determined by the issuer company. The issuer may also voluntarily include financial statements of the business or subsidiary acquired or divested, provided that such financial statements are certified by the auditor (of the business or subsidiary acquired or divested) or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI</u>. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with <u>any Guidance Note, standard on assurance engagement or guideline</u> issued by the ICAI</p>

Current ICDR provision	Proposed amendments to the ICDR
	from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.

For Schedule VI – Part B:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>Paragraph (VIII)(B)</b></p> <p>(4) If any part of the proceeds of the issue is to be applied directly or indirectly:</p> <p>(A) in the purchase of any business; or (B) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest in respect to either the capital or profits and losses or both, in such business exceeding fifty per cent. thereof;</p> <p>a report made by accountants (who shall be named in the letter of offer) upon:</p> <p>(i) the profits or losses of the business of each of the five financial years immediately preceding the issue of the letter of offer; and</p> <p>(ii) the assets and liabilities of the business at the last date to which the accounts of the business were made, being a date not more than six months before the date of the issue of the letter of offer.</p> <p>(5) If:</p> <p>(A) any part of the proceeds of the issue is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of</p>	<p><b>Paragraph (VIII)(B)</b></p> <p>(4) If any part of the proceeds of the issue is to be applied directly or indirectly:</p> <p>(A) in the purchase of any business; or (B) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest in respect to either the capital or profits and losses or both, in such business exceeding fifty per cent. thereof;</p> <p>a report made by accountants (who shall be named in the letter of offer) upon:</p> <p>(i) the profits or losses of the business of each of the five financial years immediately preceding the issue of the letter of offer; and</p> <p>(ii) the assets and liabilities of the business at the last date to which the accounts of the business were made, being a date not more than six months before the date of the issue of the letter of offer.</p> <p><u>(C) The issuer company may also voluntarily include proforma financial statements to disclose the impact of such purchase, for such financial periods as determined by the issuer company, provided such</u></p>

Current ICDR provision	Proposed amendments to the ICDR
<p>shares in any other body corporate; and</p> <p>(B) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer;</p> <p>a report made by accountants (who shall be named in the letter of offer) upon:</p> <p>(i) the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the Letter of Offer; and</p> <p>(ii) the assets and liabilities of the other body corporate at the last date to which its accounts were made.</p>	<p><u>proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guideline issued by the ICAI from time to time and certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).</u></p> <p>(5) If:</p> <p>(A) any part of the proceeds of the issue is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of shares in any other body corporate; and</p> <p>(B) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer;</p> <p>a report made by accountants (who shall be named in the letter of offer) upon:</p> <p>(i) the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the Letter of Offer; and</p> <p>(ii) the assets and liabilities of the other body corporate at the last date to which its accounts were made.</p> <p><u>(C) The issuer company may also voluntarily include proforma financial statements to disclose the impact of such acquisition, for such financial periods as determined by the issuer company, provided such proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guideline issued by the ICAI from time to time and</u></p>

Current ICDR provision	Proposed amendments to the ICDR
	<p><u>certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).</u></p>
<p><b>Paragraph (XI)(B)</b></p> <p><b>Proforma financial statements</b> – The Issuer shall provide Proforma financial statements, as certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI), of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual consolidated financial statements of the issuer. The Proforma financial statements shall be prepared for the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments</p>	<p><b>Paragraph (XI)(B)</b></p> <p><b>Proforma financial statements</b> – The issuer shall provide Proforma financial statements, as certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI), of all the subsidiaries or businesses material to the consolidated financial statements <u>(individually or collectively)</u> where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual consolidated financial statements of the issuer. The Proforma financial statements shall be prepared for <u>at-least</u> the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with <u>any Guidance Note, standard on assurance engagement or guideline</u> issued by the ICAI from time to time and certified by the statutory auditor <u>or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI.</u> The issuer company may voluntarily choose to provide proforma financial statements of acquisitions <u>or divestments (i)</u> even when they are below the above materiality threshold, <u>or (ii) the acquisitions or divestments have been completed prior to the latest period(s) for which financial information is disclosed in the draft letter of offer or the letter of offer. Furthermore, the Proforma financial statements may be disclosed for such financial periods as</u></p>



Current ICDR provision	Proposed amendments to the ICDR
<p>disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.</p>	<p><u>determined by the issuer company. The issuer may also voluntarily include financial statements of the business or subsidiary acquired or divested, provided that such financial statements are certified by the auditor (of the business or subsidiary acquired or divested) or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI.</u> In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with <u>any guidance Note, standard on assurance engagement or guideline</u> issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.</p>

For Schedule VI – Part B-1:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>Paragraph (14)(B)(ii)</b></p> <p>If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft letter of offer/letter of offer. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or</p>	<p><b>Paragraph (14)(B)(ii)</b></p> <p>If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft letter of offer/letter of offer. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.</p>	<p>more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. <u>The issuer company may also voluntarily include proforma financial statements to disclose the impact of such acquisition, for such financial periods as determined by the issuer company, provided such proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guideline issued by the ICAI from time to time and certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).</u> In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.</p>
<p><b>Paragraph (14)(B)(iii)</b></p> <p>Proforma financial statements – The Issuer shall provide Proforma financial statements, as certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI), of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/divested business or subsidiary in aggregate contributes 20% or more to</p>	<p><b>Paragraph (14)(B)(iii)</b></p> <p>Proforma financial statements – The issuer shall provide Proforma financial statements, as certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI), of all the subsidiaries or businesses material to the consolidated financial statements <u>(individually or collectively)</u> where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/divested business or subsidiary in</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.</p>	<p>aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for <u>at-least</u> the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with <u>any gGuidance nNote, standard on assurance engagement or guideline</u> issued by the ICAI from time to time and certified by the statutory auditor <u>or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI</u>. The issuer company may voluntarily choose to provide proforma financial statements of acquisitions <u>or divestments (i)</u> even when they are below the above materiality threshold, <u>or (ii) the acquisitions or divestments have been completed prior to the latest period(s) for which financial information is disclosed in the draft letter of offer or the letter of offer. Furthermore, the Proforma financial statements may be disclosed for such financial periods as determined by the issuer company. The issuer may also voluntarily include financial statements of the business or subsidiary acquired or divested, provided that such financial statements are certified by the auditor (of the business or subsidiary acquired or divested) or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI</u>. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with <u>any gGuidance nNote, standard on assurance engagement or guideline</u> issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company or chartered accountants,</p>

Current ICDR provision	Proposed amendments to the ICDR
	who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.

For a QIP:

Current provisions in the ICDR	Proposed amendments to the ICDR
<p data-bbox="252 533 831 589"><b>Schedule VII – Disclosures in a Placement Document</b></p> <p data-bbox="252 629 831 857">(11) The audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years. In addition, latest reviewed financials disclosed to the stock exchange.</p> <p data-bbox="252 864 831 987">a) Report of statutory auditor’s on the financial statements included in the preliminary placement document/ placement document.</p> <p data-bbox="252 994 491 1028">b) Balance sheets</p> <p data-bbox="252 1034 571 1068">c) Statements of income</p> <p data-bbox="252 1075 587 1108">d) Schedules to accounts</p> <p data-bbox="252 1115 831 1171">e) Statements of changes in stockholders’ equity</p> <p data-bbox="252 1178 608 1211">f) Statements of cash flows</p> <p data-bbox="252 1218 715 1252">g) Statement of accounting policies</p> <p data-bbox="252 1258 667 1292">h) Notes to financial statements</p> <p data-bbox="252 1299 831 1355">i) Statement relating to subsidiary companies (in case of unconsolidated financial statements)</p>	<p data-bbox="860 533 1439 589"><b>Schedule VII – Disclosures in a Placement Document</b></p> <p data-bbox="860 629 1439 1529">(11) The audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years. <u>The issuer company may voluntarily include proforma financial statements for acquisitions or divestments, for such financial periods as determined by the issuer company, provided such proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guideline issued by the ICAI from time to time and certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI). The issuer may also voluntarily include financial statements of the business or subsidiary acquired or divested, provided that such financial statements are certified by the auditor (of the business or subsidiary acquired or divested) or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI.</u> In addition, latest reviewed financials disclosed to the stock exchange.</p> <p data-bbox="860 1536 1439 1659">a) Report of statutory auditor’s on the financial statements included in the preliminary placement document/ placement document.</p> <p data-bbox="860 1666 1094 1700">b) Balance sheets</p> <p data-bbox="860 1706 1174 1740">c) Statements of income</p> <p data-bbox="860 1747 1190 1780">d) Schedules to accounts</p> <p data-bbox="860 1787 1439 1843">e) Statements of changes in stockholders’ equity</p> <p data-bbox="860 1850 1211 1883">f) Statements of cash flows</p> <p data-bbox="860 1890 1318 1924">g) Statement of accounting policies</p> <p data-bbox="860 1930 1270 1964">h) Notes to financial statements</p> <p data-bbox="860 1971 1439 2027">i) Statement relating to subsidiary companies (in case of unconsolidated financial statements)</p>

### 37. 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

#### 37.1. Existing provisions:

- i. Issuers are required to make a public announcement in one English national daily newspaper, one Hindi national daily newspaper and one regional language newspaper, each with wide circulation (collectively, the “Statutory Newspapers”), at the place where the registered office of the issuer is situated, disclosing the fact of filing of the draft offer document with the SEBI and inviting public comments to such draft offer document.
- ii. The draft offer document is required to be made available for public comments for a period of at least 21 days from the date of filing.

#### 37.2. Suggestion from stakeholders:

- i. 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 replaced with two “working days”.
- ii. Further, it was also suggested that the 21-day period for public comments is calculated from the date of publication of the advertisement in the Statutory Newspapers and not the date of filing of the draft offer document.

#### 37.3. Recommendation of Expert Committee:

- i. The suggestions were accepted by the Expert Committee. A period of two working days will help issuers comply with the requirements of the ICDR. Thus, the relevant provisions under the ICDR may be amended to replace “two days” with “two working days”.
- ii. Further, considering that such advertisement may be issued after a period of more than two days from the date of filing (in cases where the draft offer document is filed around public holidays), calculating the 21-day period from the date of publication of the relevant advertisement was also accepted.

#### 37.4. Suggested text of the amendment is given below:

<b>Current provisions in the ICDR</b>	<b>Proposed amendments to the ICDR</b>
<b>Regulation 26 – Draft offer document and offer document to be available to the public</b>  (1) The draft offer document filed with the Board shall be made public for comments, if any, for a period of at least twenty-one days from the date of filing, by hosting it on the websites of the issuer, the Board, stock exchanges where specified securities are proposed	<b>Regulation 26 – Draft offer document and offer document to be available to the public</b>  (1) The draft offer document filed with the Board shall be made public for comments, if any, for a period of at least twenty-one days from the date of <u>filing publication of the advertisement under sub-regulation (2)</u> , by hosting it on the websites of the issuer, the Board, stock exchanges where specified securities

Current provisions in the ICDR	Proposed amendments to the ICDR
<p>to be listed and lead manager(s) associated with the issue.</p> <p>(2) The issuer shall, within two days of filing the draft offer document with the Board, make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated, disclosing the fact of filing of the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer document.</p>	<p>are proposed to be listed and lead manager(s) associated with the issue.</p> <p>(2) The issuer shall, within two <b>working</b> days of filing the draft offer document with the Board, make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated, disclosing the fact of filing of the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer document.</p>

**Similar amendment will need to be made to Regulations 59C, 72, 124 and 187.**

## 38. Certification requirements where one of the objects of the issue is loan repayment

### 38.1. Existing provisions:

- i. If one of the objects of the offer is the repayment of a loan, paragraph (9)(A)(2)(b) of Schedule VI of the 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.
- ii. The above requirement is also applicable if the proceeds of the offer are being utilized for repayment of a loan availed by a subsidiary of the issuer.

### 38.2. Suggestion from stakeholders:

- i. Where one of the objects of the issue is repayment of a loan availed by a subsidiary, it was suggested that flexibility should be provided to permit issuers to obtain the above certificate from a peer-reviewed independent chartered accountant or the statutory auditor of such subsidiary.

### 38.3. Recommendation of Expert Committee:

- i. The Expert Committee noted that the ICDR permits certification of financial information proposed to be included in the offer document, including the restated financial information, by the statutory auditors or a peer-reviewed chartered accountant. However, for certifying the utilization of the loan, an issuer company is required to obtain a certificate from the statutory auditor. 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.
- ii. Accordingly, flexibility can be provided to permit issuers to obtain the above certificate from the statutory auditor or peer-reviewed chartered accountant. Further, in case the loan was taken by subsidiary then the issuer may obtain certificate from the statutory auditor of such subsidiary or a chartered accountant, provided such statutory auditor or chartered accountant holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.
- iii. However, the Expert Committee recommended that the certificate from a peer reviewed chartered accountant should be permitted only in cases where the fiscal periods required to be covered in the utilization certificate were not audited by the current statutory auditor. Accordingly, two certificates may be required to be taken by the issuer company for the relevant periods, i.e., one from the statutory auditor and one from a peer reviewed chartered accountant. The statutory auditor of the issuer shall continue to certify the utilization of the loan for fiscal periods audited by them.
- iv. Further, the Expert Committee recommended that a certificate from a peer reviewed chartered accountant should be permitted 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.

38.4. Suggested text of the amendment is given below:

<b>Current ICDR provision</b>	<b>Proposed amendments to the ICDR</b>
<p><b>Paragraph (9)(A)(2)</b> – If one of the objects of the issue is loan repayment:</p> <p>(a) details of loan proposed to be repaid such as name of the lender, brief terms and conditions and amount outstanding;</p> <p>(b) certificate from the statutory auditor certifying the utilization of loan for the purposed availed.</p>	<p><b>Paragraph (9)(A)(2)</b> – If one of the objects of the issue is loan repayment:</p> <p>(a) details of loan proposed to be repaid such as name of the lender, brief terms and conditions and amount outstanding;</p> <p>(b) certificate from the statutory auditor certifying the utilization of loan for the purpose it was availed.</p> <p><u>Provided that such certificate may be obtained from chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI):</u></p> <p>(i) <u>either for such periods not audited by the current statutory auditor; or</u></p> <p>(ii) <u>if the loan proposed to be repaid has been availed by a subsidiary where the current statutory auditor of the issuer is not the statutory auditor of the subsidiary</u></p>

**Similar amendment will need to be made to Part B-1 of Schedule VI of the ICDR.**



### 39. Eligibility conditions for an IPO - Permitting filing of DRHP filing where issuers have outstanding Stock appreciation rights (SARs)

#### 39.1. Existing provisions:

- i. In accordance with Regulation 5(2) of the ICDR, companies are not eligible to make an initial public offering if there are any outstanding convertible securities or any other right which would entitle any person with an option to receive equity shares of such issuer company. However, the above restriction would not apply to outstanding options granted to employees pursuant to an employee stock option scheme.
- ii. 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.

#### 39.2. Suggestion from stakeholders:

- i. 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).

#### 39.3. Recommendation of Expert Committee:

- i. The Expert Committee deliberated the suggestion. The number of equity shares that may be allotted in the future pursuant to the exercise of outstanding options under an employee stock option plan can be ascertained. However, if SARs are permitted to remain outstanding, the number of resultant equity shares will be dependent on the appreciation in the price of the equity share from the date of grant of each option. This would result in uncertainty in a company's capital structure.
- ii. While the capital structure of a company prior to an initial public offering must be ascertainable, the Expert Committee also noted that the SBEB Regulations recognize SARs as a share-based employee benefit. Accordingly, the Expert Committee recommends permitting SARs to remain outstanding until the date of filing the red herring prospectus. The Expert Committee also noted that Regulation 56 of the ICDR permits a further issue of shares after the date of filing of the DRHP, provided that such issuance is disclosed in the DRHP.
- iii. 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.
- iv. 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.

39.4. Suggested text of the amendment is given below:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>Regulation 5 – Entities not eligible to make an initial public offer</b></p> <p>(1) An issuer shall not be eligible to make an initial public offer –</p> <p>(a) if the issuer, any of its promoters, promoter group or directors or selling shareholders are debarred from accessing the capital market by the Board.</p> <p>(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board.</p> <p>(c) if the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower.</p> <p>(d) if any of its promoters or directors is a fugitive economic offender.</p> <p><b>Explanation:</b> The restrictions under (a) and (b) above shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft offer document with the Board.</p> <p>(2) An issuer shall not be eligible to make an initial public offer if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares of the issuer:</p> <p>Provided that the provisions of this sub-regulation shall not apply to:</p> <p>(a) outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme in compliance with the Companies Act, 2013, the relevant Guidance Note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;</p> <p>(b) fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of</p>	<p><b>Regulation 5 – Entities not eligible to make an initial public offer</b></p> <p>(1) An issuer shall not be eligible to make an initial public offer –</p> <p>(a) if the issuer, any of its promoters, promoter group or directors or selling shareholders are debarred from accessing the capital market by the Board.</p> <p>(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board.</p> <p>(c) if the issuer or any of its promoters or directors is a wilful defaulter or a fraudulent borrower.</p> <p>(d) if any of its promoters or directors is a fugitive economic offender.</p> <p><b>Explanation:</b> The restrictions under (a) and (b) above shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft offer document with the Board.</p> <p>(2) An issuer shall not be eligible to make an initial public offer if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares of the issuer:</p> <p>Provided that the provisions of this sub-regulation shall not apply to:</p> <p>(a) outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme in compliance with the Companies Act, 2013, the relevant Guidance Note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;</p> <p>(b) <u>outstanding stock appreciation rights granted to employees only, pursuant to a stock appreciation rights plan, which are fully exercised for equity shares prior to</u></p>

<b>Current ICDR provision</b>	<b>Proposed amendments to the ICDR</b>
<p>book-built issues) or the prospectus (in case of fixed price issues), as the case may be.</p>	<p><u>the filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be, and disclosures regarding such stock appreciation rights and the plan, and the total number of equity shares resulting from the exercise of such rights, are made in the draft offer document and offer document.</u></p> <p><del>(b)</del>(c) fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be.</p>
<p><b>Regulation 14 - Minimum promoters' contribution</b></p> <p>...</p> <p><b>Explanation:</b> For the purpose of this regulation:</p> <p>(l) Promoters' contribution shall be computed on the basis of the post-issue expanded capital:</p> <p>(a) assuming full proposed conversion of convertible securities into equity shares;</p> <p>(b) assuming exercise of all vested options, where any employee stock options are outstanding at the time of initial public offer in terms of proviso (a) to sub-regulation (2) of regulation 5.</p>	<p><b>Regulation 14 - Minimum promoters' contribution</b></p> <p>...</p> <p><b>Explanation:</b> For the purpose of this regulation:</p> <p>(l) Promoters' contribution shall be computed on the basis of the post-issue expanded capital:</p> <p>(a) assuming full proposed conversion of convertible securities into equity shares;</p> <p>(b) assuming exercise of all vested options, where any employee stock options <u>or stock appreciation rights</u> are outstanding at the time of initial public offer in terms of <u>provisos</u> (a) <u>and (b)</u> to sub-regulation (2) of regulation 5.</p>
<p><b>Regulation 17 – Lock-in of specified securities held by persons other than the promoters</b></p> <p>The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of six months from the date of allotment in the initial public offer:</p> <p>Provided that nothing contained in this regulation shall apply to:</p> <p>a) equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with</p>	<p><b>Regulation 17 – Lock-in of specified securities held by persons other than the promoters</b></p> <p>The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of six months from the date of allotment in the initial public offer:</p> <p>Provided that nothing contained in this regulation shall apply to:</p> <p>a) equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme <u>or a stock appreciation rights plan</u> of the issuer prior to the initial public offer, if the issuer has made full disclosures with</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>respect to such options or scheme in accordance with Part A of Schedule VI;</p> <p>b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme.</p> <p>Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</p> <p>c) equity shares held by a venture capital fund or alternative investment fund of category I or Category II or a foreign venture capital investor:</p> <p>Provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund of Category I or Category II or foreign venture capital investor.</p> <p>Explanation:</p> <p>(i) For the purpose of clause (c), in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of six months period and convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid and no further consideration is payable at the time of their conversion.</p> <p>(ii) For the purpose of clause (c), in case such equity shares have resulted pursuant to a bonus issue, then the holding period of such equity shares against which the bonus issue is made as well as holding period of</p>	<p>respect to such options or scheme in accordance with Part A of Schedule VI;</p> <p>b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme <u>or stock appreciation rights plan</u>.</p> <p>Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</p> <p>c) equity shares held by a venture capital fund or alternative investment fund of category I or Category II or a foreign venture capital investor:</p> <p>Provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund of Category I or Category II or foreign venture capital investor.</p> <p>Explanation:</p> <p>(i) For the purpose of clause (c), in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of six months period and convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid and no further consideration is payable at the time of their conversion.</p> <p>(ii) For the purpose of clause (c), in case such equity shares have resulted pursuant to a bonus issue, then the holding period of such equity shares against which the bonus issue is</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>resultant bonus equity shares together shall be considered for the purpose of calculation of six months period, subject to the following:</p> <p>(a) that the bonus shares being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and</p> <p>(b) that the bonus shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.</p>	<p>made as well as holding period of resultant bonus equity shares together shall be considered for the purpose of calculation of six months period, subject to the following:</p> <p>(a) that the bonus shares being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and</p> <p>(b) that the bonus shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer</p> <p><u>(iii) Equity shares under clause (a) shall include any equity shares allotted pursuant to a bonus issue against equity shares allotted pursuant to an employee stock option or employee stock purchase scheme or a stock appreciation rights plan.</u></p>
<p><b>Regulation 56 - Restriction on further capital issues</b></p> <p>An issuer shall not make any further issue of specified securities in any manner whether by way of public issue, rights issue, preferential issue, qualified institutions placement, issue of bonus shares or otherwise, except pursuant to an employee stock option scheme, during the period between the date of filing the draft offer document and the listing of the specified securities offered through the offer document or refund of application monies, unless full disclosures regarding the total number of specified securities or amount proposed to be raised from such further issue are made in such draft offer document or offer document, as the case may be.</p>	<p><b>Regulation 56 - Restriction on further capital issues</b></p> <p>An issuer shall not make any further issue of specified securities in any manner whether by way of public issue, rights issue, preferential issue, qualified institutions placement, issue of bonus shares or otherwise, except pursuant to an employee stock option scheme <u>or stock appreciation rights plan</u>, during the period between the date of filing the draft offer document and the listing of the specified securities offered through the offer document or refund of application monies, unless full disclosures regarding the total number of specified securities or amount proposed to be raised from such further issue are made in such draft offer document or offer document, as the case may be.</p>

**Similar amendment will need to be made to Regulations 59E, 97, 113, 152, 236, 239, 278 and 288.**

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

- 40.1. Existing provisions: Regulation 8A of the ICDR restricts the quantum of shares that can be offered for sale by selling shareholders in an IPO, if the offer is covered under Regulation 6(2) of the ICDR.
- 40.2. Suggestion from stakeholders: While the above provision is intended to restrict the equity shares offered for sale in an IPO, selling shareholders may sell additional shares prior to the IPO, in secondary transfers outside of the IPO. Clarity is needed on how the thresholds are to be measured.
- 40.3. Recommendation of Expert Committee: Clarity should be provided to ensure 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. Such thresholds should be measured from the date of filing the DRHP. Following explanation may be provided in the regulations in this respect:

*Explanation: The limits set out under Regulation 8A 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.*

- 40.4. Suggested text of the amendment is given below:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>Regulation 8A – Additional conditions for an offer for sale for issues under sub-regulation (2) of regulation 6</b></p> <p>For issues where draft offer document is filed under sub-regulation (2) of regulation 6 of these regulations:</p> <p>a. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than fifty per cent of their pre-issue shareholding on fully diluted basis;</p> <p>b. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, less than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than ten per cent of pre-issue shareholding of the issuer on fully diluted basis;</p>	<p><b>Regulation 8A – Additional conditions for an offer for sale for issues under sub-regulation (2) of regulation 6</b></p> <p>For issues where draft offer document is filed under sub-regulation (2) of regulation 6 of these regulations:</p> <p>a. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than fifty per cent of their pre-issue shareholding on fully diluted basis;</p> <p>b. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, less than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than ten per cent of pre-issue shareholding of the issuer on fully diluted basis;</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>c. for shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, provisions of lock-in as specified under regulation 17 of these regulations shall be applicable, and relaxation from lock-in as provided under clause © of regulation 17 of these regulations shall not be applicable.</p>	<p>c. for shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, provisions of lock-in as specified under regulation 17 of these regulations shall be applicable, and relaxation from lock-in as provided under clause (c) of regulation 17 of these regulations shall not be applicable.</p> <p><b><u>Explanation: The limits set out in (a) and (b) above 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.</u></b></p>

#### 41. Deletion of provision related to reservation for employees in rights issues

- 41.1. Existing provisions: Regulation 74(3) of the ICDR permits an issuer undertaking a rights issue to make a reservation in favour of employees.
- 41.2. Suggestion from stakeholders: It is not clear based on Regulation 74(3) whether such employees in whose favour a portion of the rights issue is reserved are required to be shareholders of the issuer and employees as of the record date.
- 41.3. Recommendation of Expert Committee: Shares are required to be offered on a rights basis only to shareholders of the company as of the record date, in terms of the framework of a rights issue under the Companies Act, 2013 and Regulation 74(3) of the ICDR. An employee reservation to employees that are not shareholders of the company on the record date is not permitted. Such employee reservations have also created practical difficulties in the past in relation to the credit of rights entitlements to the accounts of employees. It is recommended that employee reservation should be deleted in the context of a rights issue.
- 41.4. Suggested text of the amendment is given below:

Current ICDR provision	Proposed amendments to the ICDR
<b>Regulation 74 – Reservations</b>  (1) The issuer shall make a rights issue of equity shares only if it has made reservation of equity shares of the same class in favour of the holders of outstanding compulsorily convertible debt instruments, if any, in proportion to the convertible part thereof.  (2) The equity shares so reserved for the holders of fully or partly compulsorily convertible debt instruments shall be issued to the holder of such convertible debt instruments at the time of conversion of such convertible debt instruments, on the same terms at which the equity shares offered in the rights issue were issued.  Provided that for the purposes of offering such rights entitlements, the issuer company shall not be required to credit rights entitlements.  (3) Subject to other applicable provision of these regulations, the issuer may make reservation for its employees along with rights issue subject to the condition that the value of allotment to any employee shall not exceed two lakhs rupees.  Provided that in the event of under-subscription in the employee reservation	<b>Regulation 74 – Reservations</b>  (1) The issuer shall make a rights issue of equity shares only if it has made reservation of equity shares of the same class in favour of the holders of outstanding compulsorily convertible debt instruments, if any, in proportion to the convertible part thereof.  (2) The equity shares so reserved for the holders of fully or partly compulsorily convertible debt instruments shall be issued to the holder of such convertible debt instruments at the time of conversion of such convertible debt instruments, on the same terms at which the equity shares offered in the rights issue were issued.  Provided that for the purposes of offering such rights entitlements, the issuer company shall not be required to credit rights entitlements.  <del>(3) Subject to other applicable provision of these regulations, the issuer may make reservation for its employees along with rights issue subject to the condition that the value of allotment to any employee shall not exceed two lakhs rupees.</del>  <del>Provided that in the event of under-subscription in the employee reservation</del>



<b>Current ICDR provision</b>	<b>Proposed amendments to the ICDR</b>
portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.	<del>portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.</del>

## 42. Disclaimer for illustration on disclosure of weighted averages of certain ratios in the basis for offer price section

### 42.1. Existing provisions:

Paragraph 9(K) of Schedule VI of the ICDR sets out illustrations for calculation of the weighted average earnings per share, weighted average price to earnings ratio and the weighted average net worth:

#### ***“Paragraph (9)(K)(1)(f)***

...

(f) *An illustrative format of disclosure in respect of the basis for issue price is given hereunder:*

(1)	<b>Adjusted Earnings Per Share (EPS) and Adjusted Diluted EPS</b>	
	(a) Financial Year 1	` 0.41
	(b) Financial Year 2	` 8.39
	(c) Financial Year 3	` 13.82
	(d) Weighted Average	` 10.94

...”

42.2. Suggestion from stakeholders: It was suggested that it is clarified that the numbers mentioned against each financial year in the schedule are for illustrative purposes only and do not reflect the weights required to be assigned for the purposes of calculation.

### 42.3. Recommendation of Expert Committee:

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. 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.”*

42.4. Suggested text of the amendment is given below:



### 43. Disclosure of pre-IPO transactions

#### 43.1. Existing provisions:

- i. The ICDR requires reporting of all transactions by promoter and members of the promoter group between the date of filing of the draft offer document and the closure of an issuance to the stock exchanges, within 24 hours of such transactions.

#### 43.2. Suggestion from stakeholders:

- i. It was suggested that requirements in relation to disclosure of pre-IPO transactions are also included under the ICDR.

#### 43.3. Recommendation of Expert Committee:

- i. The Expert Committee agreed that 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 transaction.
- ii. 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. The Expert Committee agreed that such disclosure and availability of information on website of stock exchange(s) shall increase the ease of doing business for the investors.

#### 43.4. Suggested text of the amendment is given below:

Current ICDR provision	Proposed amendments to the ICDR
<b>Regulation 54 - Reporting of transactions of the promoters and promoter group</b>  The issuer shall ensure that all transactions in securities by the promoter and promoter group between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchange(s), within twenty four hours of such transactions.	<b>Regulation 54 - Reporting of transactions of the promoters and promoter group</b>  (1) The issuer shall ensure that all transactions in securities by the promoter and promoter group between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchange(s), within twenty-four hours of such transactions.  (2) <u>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.</u>

**Similar amendments will be required to Regulations 95, 150, 209 and 274.**

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

- 44.1. Existing provisions: The ICDR requires disclosure of details of the loan proposed to be repaid together with a certificate from the statutory auditor certifying the utilization of loan for the purpose availed. Based on recent observations, issuers are being required to apply a longer lock-in period for promoters (three years for the minimum promoters' contribution and one year for the promoters' remaining shareholding), if the majority of the issue proceeds are used for the repayment of loans availed for any capital expenditure.
- 44.2. Suggestion from stakeholders: The regulations should clarify that if loans being repaid from the proceeds of the issue have been utilized for capital expenditure, the promoters will be subject to a longer lock-in period of three years for the minimum promoters' contribution and one year for the remaining portion of the equity shares held by them.
- 44.3. Recommendation of 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 such objects. Clarity could be provided by way of an amendment 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 applies.
- 44.4. Suggested text of the amendment is given below:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>Lock-in of specified securities held by the promoters</b></p> <p>16. (1) The specified securities held by the promoters shall not be transferable (hereinafter referred to as "lock-in") for the periods as stipulated hereunder:</p> <p>a) minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India referred to in proviso to sub-regulation (1) of regulation 14, shall be locked-in for a period of eighteen months from the date of allotment in the initial public offer:</p> <p>Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer.</p>	<p><b>Lock-in of specified securities held by the promoters</b></p> <p>16. (1) The specified securities held by the promoters shall not be transferable (hereinafter referred to as "lock-in") for the periods as stipulated hereunder:</p> <p>a) minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India referred to in proviso to sub-regulation (1) of regulation 14, shall be locked-in for a period of eighteen months from the date of allotment in the initial public offer:</p> <p>Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer.</p>

Current ICDR provision	Proposed amendments to the ICDR
<p>(b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of six months from the date of allotment in the initial public offer.</p> <p>Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer.</p> <p><b>Explanation:</b> For the purpose of this sub-regulation, "capital expenditure" shall include civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc.</p>	<p>(b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of six months from the date of allotment in the initial public offer.</p> <p>Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer.</p> <p><b>Explanation:</b> For the purpose of this sub-regulation, "capital expenditure" shall include civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc. <u>and repayment of a loan taken for the purpose of such capital expenditure.</u></p>

**Similar amendments will be required to be made to Regulation 115.**

## 45. Disclosure of Standalone Information for Working Capital as an Object of the Issue

- 45.1. Existing provisions: The ICDR requires disclosure of restated financial statements in the offer document. If 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”.
- 45.2. Suggestion from stakeholders: It is unclear whether such additional disclosures are required to be provided based on audited standalone financial statements or the restated standalone financial statements.
- 45.3. Recommendation of Expert Committee: 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.

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.

- 45.4. Suggested text of the amendment is given below:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>Schedule VI, Part A, Paragraph (9)(A)(5)</b>            (5) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a standalone basis:            ...</p>	<p><b>Schedule VI, Part A, Paragraph (9)(A)(5)</b>            (5) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a standalone basis, <u>based on audited standalone financial statements:</u>    <u>Provided that such standalone financial statements shall be restated if there are any restatements/ adjustments in the restated consolidated financial statements which may have impact on the audited standalone financial statements</u>            ...</p>

**Similar amendment will need to be made to paragraph (VIII)(A)(5) of Part B and paragraph (9)(A)(4) of Part B-1 of Schedule VI.**

## 46. Common checklist for in-principle approval of the stock exchange

46.1. The Committee received a suggestion to combine the requirements under the checklists of both the BSE Limited and the National Stock Exchange of India Limited to obtain in-principle approval prior to an IPO. Based on the discussions of the Expert Committee, a common in-principle checklist for IPOs has been prepared and is available on the websites of the NSE and BSE, w.e.f. March 01, 2024. This will help issuers collate and provide the required documents and confirmations in a timely manner.

\*\*\*\*\*



**PART C – RECOMMENDATIONS RELATING TO**  
**HARMONIZATION OF THE PROVISIONS OF**  
**ICDR AND LODR REGULATIONS**

## CHAPTER XI: SUGGESTIONS TO HARMONIZE REQUIREMENTS UNDER ICDR AND LODR REGULATIONS

### 47. Disclosures related to Material Litigation

#### 47.1. Existing provisions:

- i. Paragraph 12 of Part A of Schedule VI of the ICDR requires disclosure of outstanding litigation and material developments in the offer document. Currently, all criminal proceedings, actions by regulatory authorities and disciplinary actions taken by the stock exchanges are required to be mandatorily disclosed. Claims related to direct and indirect taxes are required to be disclosed in a consolidated manner, giving the number of cases and the total amount. In addition to the above, the ICDR requires disclosure of other pending litigation based on the materiality policy defined by the board of directors and disclosed in the offer document. During an IPO, the board of directors of each to-be-listed company determines its own materiality policy. Once listed, such companies become subject to the disclosure obligations under the LODR, including those which are based on specified materiality thresholds which are different from the ones they adopted for the IPO.
- ii. Further, actions taken by regulatory and statutory against key managerial personnel and members of senior management are required to be disclosed by listed companies. However, such proceedings are not required to be disclosed by companies in their offer documents. Accordingly, details of any actions by regulatory authorities against key managerial personnel and members of senior management are only known once the company is listed.

47.2. Suggestion from stakeholders: 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.

#### 47.3. Recommendation of Expert Committee:

- i. Currently, the materiality thresholds adopted by companies for disclosure in offer documents prior to listing vary from case-to-case. Once listed, companies are required to disclose material events, including ongoing litigation, based on the recently introduced materiality thresholds under Regulation 30 of the LODR. Accordingly, the thresholds adopted for disclosure in the offer documents may be lower or higher than the thresholds under Regulation 30. This may result in inconsistencies in disclosure prior to and after listing.
- ii. Thus, it is suggested to have alignment of the disclosure requirements by listed companies and to-be-listed companies, including details of actions against key managerial personnel and members of senior management of the company, as the same would increase clarity in litigation disclosures and parity in disclosures of litigation prior to and after the listing of an issuer. Companies should also be permitted to adopt a lower materiality threshold, if required, for the purposes of disclosures in the draft offer document or the offer document.

47.4. Suggested text of the amendment to the ICDR is given below:

Current ICDR provision	Proposed amendments to the ICDR
<p><b>(12) Legal and Other Information:</b>  (A) Outstanding Litigations and Material Developments:  (1) Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:  (i) All criminal proceedings;  (ii) All actions by regulatory authorities and statutory authorities;  (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;  (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;  (v) Other pending litigations - As per the policy of materiality defined by the board of directors of the issuer and disclosed in the offer document.</p>	<p><b>(12) Legal and Other Information:</b>  (A) Outstanding Litigations and Material Developments:  (1) Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:  (i) All criminal proceedings;  (ii) All actions by regulatory authorities and statutory authorities;  (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;  (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;  (v) Other pending litigations <b>(based on the lower of thresholds under (i) and (ii) below) –</b>    (i) As per the policy of materiality defined by the board of directors of the issuer and disclosed in the offer document; <b>or</b>  (ii) <u>Litigation where the value or expected impact in terms of value, exceeds the lower of the following:</u>  (a) <u>two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer;</u>  (b) <u>two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or</u>  (c) <u>five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.</u>    <u>(1A) All criminal proceedings involving key managerial personnel and senior management of the issuer and actions by regulatory authorities and statutory authorities against key managerial personnel and senior management of the issuer shall also be disclosed.</u></p>

Similar amendment will need to be made to Part B and Part B-1 (applicable to rights issues) of Schedule VI of the ICDR.

## 48. Financial terminology used for defining Material Subsidiary Thresholds

- 48.1. Existing provisions: Currently, under paragraph (11)(I)(A)(ii)(b) of the 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 LODR also prescribes a different definition of a material subsidiary for appointment of an independent director on the board of material unlisted subsidiaries of a listed entity.
- 48.2. Suggestion from stakeholders: The financial line items for identification of a material subsidiary should be aligned for consistency under the ICDR and the LODR.
- 48.3. Recommendation of Expert Committee:
- i. The financial line items for identification of a material subsidiary under the ICDR and the LODR were discussed. The difference is the addition of profit before tax under the ICDR (which is not in the LODR). It was discussed that it is important to broadly define a material subsidiary in the context of a capital raise from the public and its usage under the ICDR, and accordingly, it was concluded that a different threshold was justified in that context.
  - ii. It was recommended that the terminology of one of financial line items for identification of a material subsidiary under the ICDR and LODR should be aligned and both regulations should refer to consolidated “turnover” instead of “income”.
- 48.4. Suggested text of amendment to the ICDR is given below:

Current LODR provision	Proposed amendments to the LODR
<p><b>Regulation 16(1)(c):</b></p> <p>“material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.</p> <p><b>Regulation 24(1):</b></p> <p>(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.</p> <p>Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term</p>	<p><b>Regulation 16(1)(c):</b></p> <p>“material subsidiary” shall mean a subsidiary, whose <u>income turnover</u> or net worth exceeds ten percent of the consolidated <u>income turnover</u> or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.</p> <p><b>Regulation 24(1):</b></p> <p>(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.</p> <p>Explanation - For the purposes of this provision, notwithstanding anything to the</p>

“material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income turnover or net worth exceeds twenty percent of the consolidated income turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

## 49. Disclosure of material agreements in offer documents

- 49.1. Existing provisions: The ICDR requires disclosure of material agreements, including the key terms of such agreements, dates, parties, and the general nature of such agreements, including with strategic partners, joint venture partners and financial partners, entered into, other than in the ordinary course of business.
- 49.2. Suggestion from stakeholders:
- i. 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.
  - ii. 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.
- 49.3. Recommendation of Expert Committee:
- i. Currently, in certain instances, these agreements are disclosed to the public for the first time after listing. The above suggestion would ensure parity in disclosures of material agreements by listed and to-be-listed companies
  - ii. The Expert Committee recommends to include disclosure of the above agreements along with the existing disclosure requirements for material agreements under the ICDR.
- 49.4. Suggested text of amendment to the ICDR is given below:

<b>Current ICDR provision</b>	<b>Proposed amendments to the ICDR</b>
<b><u>Schedule VI, Paragraph (10)(E): Shareholders' agreements and other agreements:</u></b> (a) 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). (b) Any agreement entered into by a key managerial personnel or senior management or director or promoter or any other employee of the issuer, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the issuer.	<b><u>Schedule VI, Paragraph (10)(E): Shareholders' agreements and other agreements:</u></b> (a) 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). (b) Any agreement entered into by a key managerial personnel or senior management or director or promoter or any other employee of the issuer, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the issuer.

Current ICDR provision	Proposed amendments to the ICDR
<p>(c) Guarantees, if any, given to third parties by the promoter offering its shares in the proposed offer for sale, stating reasons, amount, obligations on the issuer, period of guarantee, financial implications in case of default, security available, consideration etc.</p> <p>(d) Key terms, dates, parties to and general nature of any other subsisting material agreements including with strategic partners, joint venture partners and/or financial partners, entered into, other than in the ordinary course of business of the issuer.</p> <p>(e) All such shareholders' agreements and other agreements shall be included in the list of material contracts as required under sub-item (1) of Item (18).</p>	<p>(c) Guarantees, if any, given to third parties by the promoter offering its shares in the proposed offer for sale, stating reasons, amount, obligations on the issuer, period of guarantee, financial implications in case of default, security available, consideration etc.</p> <p>(d) Key terms, dates, parties to and general nature of any other subsisting material agreements including with strategic partners, joint venture partners and/or financial partners, entered into, other than in the ordinary course of business of the issuer.</p> <p>(e) <u>Details of agreements required to be disclosed under Clause 5A of paragraph A of part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015</u></p> <p><del>(e)</del> (f) All such shareholders' agreements and other agreements shall be included in the list of material contracts as required under sub-item (1) of Item (18).</p>

## 50. Alignment of qualifications of the compliance officer under the ICDR with the provisions of the LODR

- 50.1. Existing provisions: 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.
- 50.2. Suggestion from stakeholders: It was suggested that the required qualifications for appointment of a compliance officer under the ICDR are specified under the regulations and aligned with the requirements under the LODR.
- 50.3. Recommendation of Expert Committee:
- i. While the qualifications for appointment of the compliance officer under the LODR were specified (i.e., such person must be a qualified company secretary), no such stipulations were prescribed under the ICDR.
  - ii. The Expert Committee recommends the introduction of the requirement of qualification as a company secretary to be appointed as the compliance officer under the ICDR.
- 50.4. Suggested text of the amendment is given below:

<b>Current ICDR provision</b>	<b>Proposed amendments to the ICDR</b>
<b>Regulation 23:</b> ... (8) The issuer shall appoint a compliance officer who shall be responsible for monitoring the compliance of the securities laws and for redressal of investors' grievances.	<b>Regulation 23:</b> ... (8) The issuer shall appoint a <u>company secretary as the</u> compliance officer who shall be responsible for monitoring the compliance of the securities laws and for redressal of investors' grievances.

**It was noted that similar amendments will be required to Regulations 121, 184, 219 and 244.**



## 51. Aligning definitions under ICDR and LODR

51.1. Suggestions from stakeholders: The ICDR and LODR define certain terms in an inconsistent manner. 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.

51.2. Recommendation of Expert Committee and suggested text of the amendments: The Expert Committee agreed with the suggestions received and recommended the following amendments to the ICDR and LODR:

- i. Harmonize the definition of the term “associate” under the ICDR with the definition under the LODR:

Under the LODR, “associate” means *“any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards: ...”*

Current ICDR provision	Proposed amendments to the ICDR
<b>Regulation 2(1)(e)</b> – “associate” means a person which is an associate of the issuer and as defined under the Companies Act, 2013;	<b>Regulation 2(1)(e)</b> – “associate” means <del>a person</del> <u>any entity</u> which is an associate <del>of the issuer and as defined</del> under <u>sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards;</u>

- ii. Include definition of the term “financial year” from the LODR in the ICDR:

Under the LODR, *““financial year” shall have the same meaning as assigned to it under sub-section (41) of section 2 of the Companies Act, 2013;”*

Current ICDR provision	Proposed amendments to the ICDR
-	<p><b>Regulation 2(1) – Definitions</b></p> <p>...</p> <p>(o) “employee” means a permanent employee, working in India or outside India, of the issuer or of the promoters or subsidiary company of the issuer, or a director of the issuer, whether whole-time or not and does not include (i) promoters, (ii) a person belonging to the promoter group; or (iii) a director who either himself/herself or through their relatives or through any body corporate, directly or indirectly, holds more than ten per cent. of the outstanding equity shares of the issuer;</p> <p>Provided that for the purposes of stock option schemes, employee shall have the same meaning as assigned to under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;</p> <p><u>(oo) “financial year” shall have the same meaning as assigned to it under sub-section (41) of section 2 of the Companies Act, 2013;</u></p>

- iii. Align the definition of “securities laws” under the LODR with the definition under the ICDR:

Under the ICDR, “securities laws” means “the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed thereunder, which are administered by the Board;”

Current LODR provision	Proposed amendments to the LODR
<p><b>Regulation 2(1) – Definitions</b></p> <p>(zf) “securities laws” means the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, and the provisions of the Companies Act, 1956 and Companies Act, 2013, and the rules, regulations, circulars or guidelines made thereunder.</p>	<p><b>Regulation 2(1) – Definitions</b></p> <p>(zf) “securities laws” means the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, <u>and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder</u> and the provisions of the <del>Companies Act, 1956</del> and Companies Act, 2013, <u>and the rules, regulations, circulars or guidelines made or any previous company law and any subordinate legislation framed</u> thereunder.</p>

- iv. Include the definition of “SR equity shares” under the LODR:

“SR equity shares” are defined under the ICDR to mean *“the equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer.”*

Current LODR provision	Proposed amendments to the LODR
-	<p><b>Regulation 2(1) – Definitions</b></p> <p>...</p> <p>(zl) ‘specified securities’ means ‘equity shares’ and ‘convertible securities’ as defined under clause (eee) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;</p> <p><u>(zl1) “SR equity shares” means the equity shares of a listed entity having superior voting rights compared to all other equity shares issued by that listed entity;</u></p> <p>(zm) “subsidiary” means a subsidiary as defined under sub-section(87) of section 2 of the Companies Act, 2013;</p> <p>...</p>

\*\*\*\*\*

# **ANNEXURES**

**INTEGRATED FILING**

A snapshot of the existing filings that are proposed to be clubbed or done away with as part of the Integrated Filing is given below:

Sr. No.	Regulation	Filing	Timeline		Frequency	
			Current	Proposed	Current	Proposed
<b>Governance related</b>						
1.	13(3)	Statement on Grievance Redressal	Within <b>21 days</b> of the end of the quarter.	Within <b>30 days</b> of the end of the quarter.	Quarterly	Quarterly
2.	27(2)(a)	Compliance Report on Corporate Governance	Within <b>21 days</b> of the end of the quarter.		Quarterly	Quarterly
3.	39(3)	Loss of Share Certificate	Within <b>2 days</b> of receipt of Intimation	To be omitted	Event based	-
4.	40(9) & 40(10)	Certification on processing of physical share certificate related requirements within the specified timelines.	Within <b>30 days</b> from the end of the financial year	To be omitted	Annually	-
5.	7(3)	Share Transfer Compliance certificate	Within <b>30 days</b> from the end of the financial year	To be omitted	Annually	-
<b>Financial related</b>						
6.	32(1)	Statement of Deviation and Variation	Within <b>45 days</b> of the end of the quarter & within 60 days from /end of the last quarter. half year	Within <b>45 days</b> of the end of the quarter & <b>60 days</b> from end of the last quarter & financial year.	Quarterly	Quarterly
7.	33	Financial results	Within <b>45 days</b> from the end of the quarter & Within 60 days from end of last quarter (Annual)		Quarterly	Quarterly
8.	23(9)	Disclosure of RPT	Along with Financial results		Half Yearly	Half Yearly
9.	Reg. 30 r/w section V-B of Master circular dated July 11, 2023	Quarterly disclosure of outstanding default on loans / debt securities	Within <b>7 days</b> from the end of each quarter		Quarterly	Quarterly

Other filings						
10.	24A(2)	Submission of Secretarial Compliance Report.	Within <b>60 days</b> from the end of the financial year	No change	Annually	Annually
11.	31(1)(b)	Shareholding Pattern.	Within <b>21 days</b> of the end of the quarter./half year	To be automated and disclosed on monthly basis	Quarterly/half-yearly	Monthly
12.	34	Annual report	On the date of dispatch of Annual Report and AGM Notice to the shareholders.	No change	Annually	Annually

**DRAFT CIRCULAR**

To,

**All listed entities that have listed their specified securities**  
**All Recognized Stock Exchanges**  
**All Depositories**

Madam / Sir,

**Sub: Integrated Filing and system driven disclosures under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Reg.**

1. Regulation 10B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 empowers the Board to introduce Integrated Filings of periodic reports, statements, documents and any other information required to be filed by a listed entity under the Act or the regulations made thereunder in the format and within the timelines as may be specified.
2. It has been decided to introduce Integrated Filing for the following Governance and financial related filings under the LODR Regulations w.e.f. January 1, 2025:

Sr No.	Regulation	Filing	Timeline	Frequency
<b>Integrated Filing (Governance)</b>				
1.	13(3)	Statement on Grievance Redressal	Within <b>30 days</b> of the end of the quarter.	Quarterly
2.	27(2)(a)	Compliance Report on Corporate Governance		Quarterly
<b>Integrated Filing (Financial)</b>				
3.	32(1)	Statement of Deviation and Variation	Within <b>45 days</b> of the end of the quarter & <b>60 days</b> from end of the last quarter & financial year.	Quarterly
4.	33	Financial results		Quarterly

5.	Reg. 30 r/w section V-B of Master circular dated July 11, 2023	Quarterly disclosure of outstanding default on loans / debt securities		Quarterly
6.	23(9)	Disclosure of RPT		Half Yearly

The draft format for integrated filing is enclosed. Stock Exchanges shall put in place the format for Integrated Filing in XBRL format.

3. Further, the following filings / disclosure requirements shall be completely system-driven w.e.f. April 1, 2025:

Sr. No.	Regulation	Filing	Timeline	Frequency
1.	31(1)(b)	Shareholding Pattern.	System driven disclosure at the end of depositories and Stock Exchanges	Monthly
2.	Regulation 30(6) r/w clause 3 of para A of part A of schedule III of LODR	New rating(s) or revision in ratings	System driven disclosure at the end of Stock Exchanges	Event-based

4. The formats, process, procedure and instructions for the system driven disclosure of the aforesaid filings shall be issued by the Stock Exchanges in consultation with SEBI.
5. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 10B, 101 and 102 of the LODR.
6. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal->Circulars".

\*\*\*\*\*

**FORMAT FOR QUARTERLY INTEGRATED FILING (GOVERNANCE)**

**A. Format for Compliance Report on Corporate Governance to be submitted by a listed entity on a quarterly basis**

1. Name of the Listed Entity:
2. Quarter ending:

<b>I. Composition of Board of Directors</b>												
<b>Title (Mr . / Ms)</b>	<b>Name of the Director</b>	<b>PAN<sup>s</sup> &amp; DIN</b>	<b>Category (Chairperson /Executive/Non-Executive/in dependent/ Nominee) &amp;</b>	<b>Initial Date of Appointment</b>	<b>Date of Re-appointment</b>	<b>Date of Cessation</b>	<b>Tenure*</b>	<b>Date of Birth</b>	<b>No. of directorship in listed entities including this listed entity  [with reference to Regulation 17A]</b>	<b>No. of Independent Directorship in listed entities including this listed entity  [with reference to proviso to regulation 17A(1)] &amp; reg. 17A(2)]</b>	<b>No. of memberships in Audit/ Stakeholder Committee(s) including this listed entity  (Refer Regulation 26(1) of the LODR Regulations)</b>	<b>No. of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity  (Refer Regulation 26(1) of the LODR Regulations)</b>
		Whether Regular chairperson appointed										
		Whether Chairperson is related to managing director or CEO										
		\$PAN number of any director would not be displayed on the website of Stock Exchange &Category of directors means executive/non-executive/independent/Nominee. If a director fits into more than one category write all categories separating them with hyphen * to be filled only for Independent Director. Tenure would mean total period from which Independent director is serving on Board of directors of the listed entity in continuity without any cooling off period.										



<b>II. Composition of Committees</b>					
<b>Name of Committee</b>	<b>Whether Regular chairperson appointed</b>	<b>Name of Committee members</b>	<b>Category (Chairperson/Executive/Non-Executive/independent/Nominee) &amp;</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>
1. Audit Committee					
2. Nomination & Remuneration Committee					
3. Risk Management Committee (if applicable)					
4. Stakeholders Relationship Committee					
<i>&amp;Category of directors means executive/non-executive/independent/Nominee. if a director fits into more than one category write all categories separating them with hyphen</i>					

<b>III. Meeting of Board of Directors</b>					
<b>Date(s) of Meeting in the relevant quarter</b>	<b>Whether requirement of Quorum met*</b>	<b>Number of Directors present*</b>	<b>Number of independent directors present*</b>	<b>Date(s) of Meeting in the previous quarter</b>	<b>Maximum gap between any two consecutive meetings (in number of days)</b>
	Yes / No				
* to be filled in only for the current quarter meetings					

<b>IV. Meeting of Committees</b>						
<b>Name of the Committee</b>	<b>Date(s) of meeting of the committee in the relevant quarter</b>	<b>Whether requirement of Quorum met (details)*</b>	<b>Number of Directors present*</b>	<b>Number of independent directors present*</b>	<b>Date(s) of meeting of the committee in the previous quarter</b>	<b>Maximum gap between any two consecutive meetings in number of days**</b>
		Yes / No				
* to be filled in only for the current quarter meetings						
** This information has to be mandatorily be given for audit committee and Risk Management Committee, for rest of the committees giving this information is optional						

**V. Affirmations**

1. The composition of Board of Directors is in terms of SEBI (Listing obligations and disclosure requirements) Regulations, 2015.
2. The composition of the following committees is in terms of SEBI (Listing obligations and disclosure requirements) Regulations, 2015
  - a. Audit Committee
  - b. Nomination & remuneration committee
  - c. Stakeholders relationship committee
  - d. Risk management committee (applicable to the top 1000 listed entities)
3. The committee members have been made aware of their powers, role and responsibilities as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.
4. The meetings of the board of directors and the above committees have been conducted in the manner as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.
5. This report and/or the report submitted in the previous quarter has been placed before Board of Directors. Any comments/observations/advice of Board of Directors may be mentioned here:

**Name & Designation****Company Secretary / Compliance Officer / Managing Director / CEO / CFO****Note:**

Information at Table I and II above need to be necessarily given in 1<sup>st</sup> quarter of each financial year. However, if there is no change of information in subsequent quarter(s) of that financial year, this information may not be given by the listed entity and instead a statement "same as previous quarter" may be given.

**B. INVESTOR GRIEVANCE REDRESSAL REPORT**

<b>Investor Grievance Redressal Report</b>	
<b>No. of investor complaints pending at the beginning of Quarter</b>	
<b>No. of investor complaints received during the Quarter</b>	
<b>No. of investor complaints disposed off during the Quarter</b>	
<b>No. of investor complaints those remaining unresolved at the end of the Quarter</b>	

**FORMAT FOR HALF-YEARLY INTEGRATED FILING (GOVERNANCE)**

**A. Format for Compliance Report on Corporate Governance**

1. Name of the Listed Entity:
2. Quarter ending:

<b>I. Composition of Board of Directors</b>												
<b>Title (Mr . / Ms)</b>	<b>Name of the Director</b>	<b>PAN<sup>s</sup> &amp; DIN</b>	<b>Category (Chairperson /Executive/Non-Executive/in dependent/ Nominee) &amp;</b>	<b>Initial Date of Appointment</b>	<b>Date of Re-appointment</b>	<b>Date of Cessation</b>	<b>Tenure*</b>	<b>Date of Birth</b>	<b>No. of directorship in listed entities including this listed entity</b>  [with reference to Regulation 17A]	<b>No. of Independent Directorship in listed entities including this listed entity</b>  [with reference to proviso to regulation 17A(1)] & reg. 17A(2)]	<b>No. of memberships in Audit/ Stakeholder Committee(s) including this listed entity</b>  (Refer Regulation 26(1) of the LODR Regulations)	<b>No. of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity</b>  (Refer Regulation 26(1) of the LODR Regulations)
		Whether Regular chairperson appointed										
		Whether Chairperson is related to managing director or CEO										
		\$PAN number of any director would not be displayed on the website of Stock Exchange &Category of directors means executive/non-executive/independent/Nominee. If a director fits into more than one category write all categories separating them with hyphen * to be filled only for Independent Director. Tenure would mean total period from which Independent director is serving on Board of directors of the listed entity in continuity without any cooling off period.										

<b>II. Composition of Committees</b>					
<b>Name of Committee</b>	<b>Whether Regular chairperson appointed</b>	<b>Name of Committee members</b>	<b>Category (Chairperson/Executive/Non-Executive/independent/Nominee) &amp;</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>
1. Audit Committee					
2. Nomination & Remuneration Committee					
3. Risk Management Committee (if applicable)					
4. Stakeholders Relationship Committee					
<i>&amp; Category of directors means executive/non-executive/independent/Nominee. if a director fits into more than one category write all categories separating them with hyphen</i>					

<b>III. Meeting of Board of Directors</b>					
<b>Date(s) of Meeting in the relevant quarter</b>	<b>Whether requirement of Quorum met*</b>	<b>Number of Directors present*</b>	<b>Number of independent directors present*</b>	<b>Date(s) of Meeting in the previous quarter</b>	<b>Maximum gap between any two consecutive meetings (in number of days)</b>
	Yes / No				
* to be filled in only for the current quarter meetings					

<b>IV. Meeting of Committees</b>						
<b>Name of the Committee</b>	<b>Date(s) of meeting of the committee in the relevant quarter</b>	<b>Whether requirement of Quorum met (details)*</b>	<b>Number of Directors present*</b>	<b>Number of independent directors present*</b>	<b>Date(s) of meeting of the committee in the previous quarter</b>	<b>Maximum gap between any two consecutive meetings in number of days**</b>
		Yes / No				
* to be filled in only for the current quarter meetings						
** This information has to be mandatorily be given for audit committee and Risk Management Committee, for rest of the committees giving this information is optional						

<b>V. Affirmations</b>
<ol style="list-style-type: none"> <li>1. The composition of Board of Directors is in terms of SEBI (Listing obligations and disclosure requirements) Regulations, 2015.</li> <li>2. The composition of the following committees is in terms of SEBI (Listing obligations and disclosure requirements) Regulations, 2015               <ol style="list-style-type: none"> <li>a. Audit Committee</li> <li>b. Nomination &amp; remuneration committee</li> <li>c. Stakeholders relationship committee</li> </ol> </li> </ol>

- d. Risk management committee (applicable to the top 1000 listed entities)
3. The committee members have been made aware of their powers, role and responsibilities as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.
  4. The meetings of the board of directors and the above committees have been conducted in the manner as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.
  5. This report and/or the report submitted in the previous quarter has been placed before Board of Directors. Any comments/observations/advice of Board of Directors may be mentioned here:

**Name & Designation**

**Company Secretary / Compliance Officer / Managing Director / CEO / CFO**

**Note:**

Information at Table I and II above need to be necessarily given in 1<sup>st</sup> quarter of each financial year. However, if there is no change of information in subsequent quarter(s) of that financial year, this information may not be given by the listed entity and instead a statement “same as previous quarter” may be given.

**B. INVESTOR GRIEVANCE REDRESSAL REPORT**

Investor Grievance Redressal Report	
<b>No. of investor complaints pending at the beginning of Quarter</b>	
<b>No. of investor complaints received during the Quarter</b>	
<b>No. of investor complaints disposed off during the Quarter</b>	
<b>No. of investor complaints those remaining unresolved at the end of the Quarter</b>	

**C. DISCLOSURE OF LOANS / GUARANTEES / COMFORT LETTERS / SECURITIES ETC.  
HALF YEAR ENDING - .....**

<b>I. Disclosure of Loans / guarantees / comfort letters / securities etc.</b> <small>refer note below</small>			
(A) Any loan or any other form of debt advanced by the listed entity directly or indirectly to:			
<b>Entity</b>	<b>Aggregate amount advanced during six months</b>	<b>Balance outstanding at the end of six months</b>	
Promoter or any other entity controlled by them			
Promoter Group or any other entity controlled by them			
Directors (including relatives) or any other entity controlled by them			
KMPs or any other entity controlled by them			
(B) Any guarantee/ comfort letter (by whatever name called) provided by the listed entity directly or indirectly, in connection with any loan(s) or any other form of debt availed by:			
<b>Entity</b>	<b>Type (guarantee, comfort letter etc.)</b>	<b>Aggregate amount of issuance during six months</b>	<b>Balance outstanding at the end of six months (taking into account any invocation)</b>

Promoter or any other entity controlled by them			
Promoter Group or any other entity controlled by them			
Directors (including relatives) or any other entity controlled by them			
KMPs or any other entity controlled by them			

(C) Any security provided by the listed entity directly or indirectly, in connection with any loan(s) or any other form of debt availed by:

Entity	Type of security (cash, shares etc.)	Aggregate value of security provided during six months	Balance outstanding at the end of six months
Promoter or any other entity controlled by them			
Promoter Group or any other entity controlled by them			
Directors (including relatives) or any other entity controlled by them			
KMPs or any other entity controlled by them			

**II. Affirmations:**

All loans (or other form of debt), guarantees, comfort letters (by whatever name called) or securities in connection with any loan(s) (or other form of debt) given directly or indirectly by the listed entity to promoter(s), promoter group, director(s) (including their relatives), key managerial personnel (including their relatives) or any entity controlled by them are in the economic interest of the company.

**Name & Designation  
CEO / CFO**

**Note**

1. *These disclosures shall exclude any loan (or other form of debt), guarantee / comfort letter (by whatever name called) or security provided in connection with any loan or any other form of debt;*
  - a) *by a government company to/ for the Government or government company*
  - b) *by the listed entity to/for its subsidiary [and joint-venture company] whose accounts are consolidated with the listed entity.*
  - c) *by a banking company or an insurance company; and*
  - d) *by the listed entity to its employees or directors as a part of the service conditions*
  
2. *If the Listed Entity would like to provide any other information, the same may be indicated as Para D in the above table.*

**D. AFFIRMATIONS ON COMPLIANCE REQUIREMENTS FOR AGM (Only for the first half-year)**

<b>I Affirmations</b>		
	<b>Regulation Number</b>	<b>Compliance status (Yes/No/NA)<sup>refer note below</sup></b>
<i>Copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report, business responsibility report displayed on website</i>	46(2)	
<i>Presence of Chairperson of Audit Committee at the Annual General Meeting</i>	18(1)(d)	
<i>Presence of Chairperson of the nomination and remuneration committee at the annual general meeting</i>	19(3)	
<i>Presence of Chairperson of the Stakeholder Relationship committee at the annual general meeting</i>	20(3)	
<i>Disclosure of the Secretarial Audit Report of the listed entity and the material subsidiaries in the Annual Report</i>	24A(1)	
<i>Submission of Annual Secretarial Compliance Report</i>	24A(2)	
<i>Whether "Corporate Governance Report" disclosed in Annual Report</i>	<i>34(3) read with para C of Schedule V</i>	
<p><b>Note</b></p> <p>1 In the column "Compliance Status", compliance or non-compliance may be indicated by Yes/No/N.A. For example, if the Board has been composed in accordance with the requirements of LODR Regulations, "Yes" may be indicated.</p> <p>2 If status is "No" details of non-compliance may be given here.</p> <p>3 If the Listed Entity would like to provide any other information the same may be indicated here.</p>		
<p><b>Name &amp; Designation</b></p> <p><b>Company Secretary / Compliance Officer / Managing Director / CEO / CFO</b></p>		



**E. WEBSITE AFFIRMATIONS (For Annual Filing)**

<b>I. Disclosure on website in terms of LODR Regulations</b>		
<b>Item</b>	<b>Compliance status (Yes/No/NA)refer note below</b>	<b>If Yes provide link to website. If No / NA provide reasons</b>
<b>As per regulation 46(2) of the LODR:</b>		
a) Details of business		
b) Terms and conditions of appointment of independent directors		
c) Composition of various committees of board of directors		
d) Code of conduct of board of directors and senior management personnel		
e) Details of establishment of vigil mechanism/ Whistle Blower policy		
f) Criteria of making payments to non-executive directors		
g) Policy on dealing with related party transactions		
h) Policy for determining 'material' subsidiaries		
i) Details of familiarization programmes imparted to independent directors		
j) email address for grievance redressal and other relevant details		
k) Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances		
l) Financial results		
m) Shareholding pattern		
n) Details of agreements entered into with the media companies and/or their associates		
o) Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange		
oa) audio or video recordings and transcripts of post earnings/quarterly calls		
p) New name and the old name of the listed entity		
q) Advertisements as per regulation 47(1)		
r) Credit rating or revision in credit rating obtained		
s) Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year		
t) Secretarial Compliance Report		
u) Materiality Policy as per Regulation 30(4)		
v) Disclosure of contact details of KMP who are authorized for the purpose of determining materiality as required under regulation 30(5)		
w) Disclosures under regulation 30(8)		
x) Statements of deviation(s) or variations(s) as specified in regulation 32		
y) Dividend distribution policy as specified in regulation 43A(1)		
z) Annual return as provided under section 92 of the Companies Act, 2013		

✓ Confirmation that the above disclosures are in a separate section as specified in regulation 46(2)		
✓ Compliance with regulation 46(3) with respect to accuracy of disclosures on the website and timely updation		

**F. AFFIRMATIONS W.R.T. COMPLIANCE WITH CORPORATE GOVERNANCE PROVISIONS (For Annual Filing)**

<b>II Annual Affirmations</b>		
<b>Particulars</b>	<b>Regulation Number</b>	<b>Compliance status (Yes/No/NA)refer note below</b>
<i>Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'</i>	16(1)(b) & 25(6)	
<i>Board composition</i>	17(1), 17(1A), 17(1C), 17(1D) & 17(1E)	
<i>Meeting of Board of directors</i>	17(2)	
<i>Quorum of Board meeting</i>	17(2A)	
<i>Review of Compliance Reports</i>	17(3)	
<i>Plans for orderly succession for Appointments</i>	17(4)	
<i>Code of Conduct</i>	17(5)	
<i>Fees/compensation</i>	17(6)	
<i>Minimum Information</i>	17(7)	
<i>Compliance Certificate</i>	17(8)	
<i>Risk Assessment &amp; Management</i>	17(9)	
<i>Performance Evaluation of Independent Directors</i>	17(10)	
<i>Recommendation of Board</i>	17(11)	
<i>Maximum number of directorships</i>	17A	
<i>Composition of Audit Committee</i>	18(1)	
<i>Meeting of Audit Committee</i>	18(2)	
<i>Role of Audit Committee and information to be reviewed by the audit committee</i>	18(3)	
<i>Composition of nomination &amp; remuneration committee</i>	19(1) & (2)	
<i>Quorum of Nomination and Remuneration Committee meeting</i>	19(2A)	
<i>Meeting of nomination &amp; remuneration committee</i>	19(3A)	
<i>Role of Nomination and Remuneration Committee</i>	19(4)	
<i>Composition of Stakeholder Relationship Committee</i>	20(1), 20(2)and 20(2A)	
<i>Meeting of stakeholder relationship committee</i>	20 (3A)	
<i>Role of Stakeholders Relationship Committee</i>	20(4)	
<i>Composition and role of risk management committee</i>	21(1),(2),(3),(4)	
<i>Meeting of Risk Management Committee</i>	21(3A)	
<i>Quorum of Risk Management Committee meeting</i>	21(3B)	
<i>Gap between the meetings of the Risk Management Committee</i>	21(3C)	
<i>Vigil Mechanism</i>	22	

<i>Policy for related party Transaction</i>	23(1), (1A), (5), (6), & (8)	
<i>Prior or Omnibus approval of Audit Committee for all related party transactions</i>	23(2), (3)	
<i>Approval for material related party transactions</i>	23(4)	
<i>Disclosure of related party transactions on consolidated basis</i>	23(9)	
<i>Composition of Board of Directors of unlisted material Subsidiary</i>	24(1)	
<i>Other Corporate Governance requirements with respect to subsidiary of listed entity</i>	24(2), (3), (4), (5) & (6)	
<i>Alternate Director to Independent Director</i>	25(1)	
<i>Maximum Tenure</i>	25(2)	
<i>Appointment, Re-appointment or removal of an Independent Director through special resolution or the alternate mechanism</i>	25(2A)	
<i>Meeting of independent directors</i>	25(3) & (4)	
<i>Familiarization of independent directors</i>	25(7)	
<i>Declaration from Independent Director</i>	25(8) & (9)	
<i>Directors and Officers insurance</i>	25(10)	
<i>Confirmation with respect to appointment of Independent Directors who resigned from the listed entity</i>	25(11)	
<i>Memberships in Committees</i>	26(1)	
<i>Affirmation with compliance to code of conduct from members of Board of Directors and Senior management Personnel</i>	26(3)	
<i>Policy with respect to Obligations of directors and senior management</i>	26(2) & 26(5)	
<i>Approval of the Board and shareholders for compensation or profit sharing in connection with dealings in the securities of the listed entity.</i>	26(6)	
<i>Vacancies in respect Key Managerial Personnel</i>	26A(1) & 26A(2)	

**Note**

1. In the column "Compliance Status", compliance or non-compliance may be indicated by Yes/No/N.A. For example, if the Board has been composed in accordance with the requirements of LODR Regulations, "Yes" may be indicated. Similarly, in case the Listed Entity has no related party transactions, the words "N.A." may be indicated.
2. If status is "No" details of non-compliance may be given here.
3. If the Listed Entity would like to provide any other information the same may be indicated here.

**III Affirmations:**

The Listed Entity has approved the Material Subsidiary Policy and the Corporate Governance requirements with respect to the subsidiary of Listed Entity have been complied.

**Name & Designation**

**Company Secretary / Compliance Officer / Managing Director / CEO / CFO**

## **FORMAT FOR QUARTERLY INTEGRATED FILING (FINANCIAL)**

### **A. FINANCIAL RESULTS**

Formats for unaudited / audited quarterly financial results i.e., Statement of Profit and Loss and the unaudited / audited half-yearly balance sheet to be submitted by listed entities shall be as per the formats for balance sheet and statement of profit and loss (excluding notes and detailed sub-classification) as prescribed in Schedule III to the Companies Act, 2013, as amended from time to time. Listed banking and insurance companies shall follow the formats as prescribed under the respective Acts / Regulations and / or as specified by the sectoral regulators. While publishing the quarterly financial results, listed entities shall also publish the figures relating to the periods as mentioned in para 5 of section III-A of Master Circular dated July 11, 2023.

### **B. STATEMENT ON DEVIATION OR VARIATION FOR PROCEEDS OF PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONS PLACEMENT ETC.**

<b>Statement on deviation / variation in utilisation of funds raised</b>	
<b>Name of listed entity</b>	
<b>Mode of Fund Raising</b>	<b>Public Issues / Rights Issues / Preferential Issues / QIP / Others</b>
<b>Date of Raising Funds</b>	
<b>Amount Raised</b>	
<b>Report filed for Quarter ended</b>	
<b>Monitoring Agency</b>	<b>applicable / not applicable</b>
<b>Monitoring Agency Name, if applicable</b>	
<b>Is there a Deviation / Variation in use of funds raised</b>	Yes / No
<b>If yes, whether the same is pursuant to change in terms of a contract or objects, which was approved by the shareholders</b>	
<b>If Yes, Date of shareholder Approval</b>	
<b>Explanation for the Deviation / Variation</b>	

<b>Comments of the Audit Committee after review</b>						
<b>Comments of the auditors, if any</b>						
<b>Objects for which funds have been raised and where there has been a deviation, in the following table</b>						
<b>Original Object</b>	<b>Modified Object, if any</b>	<b>Original Allocation</b>	<b>Modified allocation, if any</b>	<b>Funds Utilised</b>	<b>Amount of Deviation/Variation for the quarter according to applicable object</b>	<b>Remarks if any</b>
<b>Deviation or variation could mean:</b> <b>(a) Deviation in the objects or purposes for which the funds have been raised or</b> <b>(b) Deviation in the amount of funds actually utilized as against what was originally disclosed or</b> <b>(c) Change in terms of a contract referred to in the fund raising document i.e. prospectus, letter of offer, etc.</b>						
<b>Name of Signatory</b> <b>Designation</b>						

**C. FORMAT FOR DISCLOSING OUTSTANDING DEFAULT ON LOANS AND DEBT SECURITIES**

<b>S. No.</b>	<b>Particulars</b>	<b>in INR crore</b>
<b>1.</b>	<b>Loans / revolving facilities like cash credit from banks / financial institutions</b>	
A	Total amount outstanding as on date	
B	Of the total amount outstanding, amount of default as on date	
<b>2.</b>	<b>Unlisted debt securities i.e. NCDs and NCRPS</b>	
A	Total amount outstanding as on date	
B	Of the total amount outstanding, amount of default as on date	
<b>3.</b>	<b>Total financial indebtedness of the listed entity including short-term and long-term debt</b>	

## **FORMAT FOR HALF-YEARLY INTEGRATED FILING (FINANCIAL)**

### **A. FINANCIAL RESULTS**

Formats for unaudited / audited quarterly financial results i.e., Statement of Profit and Loss and the unaudited / audited half-yearly balance sheet to be submitted by listed entities shall be as per the formats for balance sheet and statement of profit and loss (excluding notes and detailed sub-classification) as prescribed in Schedule III to the Companies Act, 2013, as amended from time to time. Listed banking and insurance companies shall follow the formats as prescribed under the respective Acts / Regulations and / or as specified by the sectoral regulators. While publishing the quarterly financial results, listed entities shall also publish the figures relating to the periods as mentioned in para 5 of section III-A of Master Circular dated July 11, 2023.

### **B. STATEMENT ON DEVIATION OR VARIATION FOR PROCEEDS OF PUBLIC ISSUE, RIGHTS ISSUE, PREFERENTIAL ISSUE, QUALIFIED INSTITUTIONS PLACEMENT ETC.**

<b>Statement on deviation / variation in utilisation of funds raised</b>	
<b>Name of listed entity</b>	
<b>Mode of Fund Raising</b>	<b>Public Issues / Rights Issues / Preferential Issues / QIP / Others</b>
<b>Date of Raising Funds</b>	
<b>Amount Raised</b>	
<b>Report filed for Quarter ended</b>	
<b>Monitoring Agency</b>	<b>applicable / not applicable</b>
<b>Monitoring Agency Name, if applicable</b>	
<b>Is there a Deviation / Variation in use of funds raised</b>	Yes / No
<b>If yes, whether the same is pursuant to change in terms of a contract or objects, which was approved by the shareholders</b>	
<b>If Yes, Date of shareholder Approval</b>	
<b>Explanation for the Deviation / Variation</b>	
<b>Comments of the Audit Committee after review</b>	

Comments of the auditors, if any						
Objects for which funds have been raised and where there has been a deviation, in the following table						
Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised	Amount of Deviation/Variation for the quarter according to applicable object	Remarks if any

Deviation or variation could mean:

(d) Deviation in the objects or purposes for which the funds have been raised or

(e) Deviation in the amount of funds actually utilized as against what was originally disclosed or

(f) Change in terms of a contract referred to in the fund raising document i.e. prospectus, letter of offer, etc.

Name of Signatory  
Designation

**C. FORMAT FOR DISCLOSING OUTSTANDING DEFAULT ON LOANS AND DEBT SECURITIES**

S. No.	Particulars	in INR crore
<b>1.</b>	<b>Loans / revolving facilities like cash credit from banks / financial institutions</b>	
A	Total amount outstanding as on date	
B	Of the total amount outstanding, amount of default as on date	
<b>2.</b>	<b>Unlisted debt securities i.e. NCDs and NCRPS</b>	
A	Total amount outstanding as on date	
B	Of the total amount outstanding, amount of default as on date	
<b>3.</b>	<b>Total financial indebtedness of the listed entity including short-term and long-term debt</b>	

### **D. FORMAT FOR DISCLOSURE OF RELATED PARTY TRANSACTIONS**

											Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.						
S. No	Details of the party (listed entity /subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction (see Note 5)	Value of the related party transaction as approved by the audit committee (see Note 6a)	Value of transaction during the reporting period (see Note 6b)	In case monies are due to either party as a result of the transaction (see Note 1)		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments			
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost (see Note 7)	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured
<b>Total</b> (of Note 6b)																	

**Notes:**

- The details in this format are required to be provided for all transactions undertaken during the reporting period. However, opening and closing balances, including commitments, to be disclosed for existing related party transactions even if there is no new related party transaction during the reporting period.



2. Where a transaction is undertaken between members of the consolidated entity (between the listed entity and its subsidiary or between subsidiaries), it may be reported once.
3. Listed banks shall not be required to provide the disclosures with respect to related party transactions involving loans, inter-corporate deposits, advances or investments made or given by the listed banks.
4. For companies with financial year ending March 31, this information has to be provided for six months ended September 30 and six months ended March 31. Companies with financial years ending in other months, the six months period shall apply accordingly.
5. Each type of related party transaction (for e.g. sale of goods/services, purchase of goods/services or whether it involves a loan, inter-corporate deposit, advance or investment) with a single party shall be disclosed separately and there should be no clubbing or netting of transactions of same type. However, transactions with the same counterparty of the same type may be aggregated for the reporting period. For instance, sale transactions with the same party may be aggregated for the reporting period and purchase transactions may also be disclosed in a similar manner. There should be no netting off for sale and purchase transactions. Similarly, loans advanced to and received from the same counterparty should be disclosed separately, without any netting off.
6. In case of a multi-year related party transaction:
  - a. The aggregate value of such related party transaction as approved by the audit committee shall be disclosed in the column "Value of the related party transaction as approved by the audit committee".
  - b. The value of the related party transaction undertaken in the reporting period shall be reported in the column "Value of related party transaction during the reporting period".
7. "Cost" refers to the cost of borrowed funds for the listed entity.
8. PAN will not be displayed on the website of the Stock Exchange(s).

**E. STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-  
WITH ANNUAL AUDITED FINANCIAL RESULTS (Standalone and Consolidated separately)**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, .....</b>				
<i>(See regulation 33 of the SEBI (LODR) Regulations, 2015)</i>				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	-	-
	2.	Total Expenditure	-	-
	3.	Net Profit/(Loss)	-	-
	4.	Earnings Per Share	-	-
	5.	Total Assets	-	-
	6.	Total Liabilities	-	-
	7.	Net Worth	-	-
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b><u>Audit Qualification (each audit qualification separately):</u></b>			
	a. <b>Details of Audit Qualification:</b>			

	<p>b. <b>Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</p> <p>c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing</p> <p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p style="padding-left: 40px;">(i) <b>Management's estimation on the impact of audit qualification:</b></p> <p style="padding-left: 40px;">(ii) <b>If management is unable to estimate the impact, reasons for the same:</b></p> <p style="padding-left: 40px;">(iii) <b>Auditors' Comments on (i) or (ii) above:</b></p>
<p><b>III.</b></p>	<p><b><u>Signatories:</u></b></p> <ul style="list-style-type: none"> <li>• <b>CEO/Managing Director</b></li> <li>• <b>CFO</b></li> <li>• <b>Audit Committee Chairman</b></li> <li>• <b>Statutory Auditor</b></li> </ul> <p><b>Place:</b></p> <p><b>Date:</b></p>

## CURATED LINKS FOR DIFFERENT FILINGS AT NSE AND BSE

Sr. No.	Particulars	NSE Link	BSE Link
1	<p><b>Corporate Governance</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Corporate Governance</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; Corporate Governance</p>	<a href="https://www.nseindia.com/companies-listing/corporate-filings-governance">https://www.nseindia.com/companies-listing/corporate-filings-governance</a>	<a href="https://www.bseindia.com/corporates/Corpgo_overnane.aspx">https://www.bseindia.com/corporates/Corpgo_overnane.aspx</a>
2	<p><b>Shareholding Patterns</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Shareholding Patterns</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings (Top Menu) &gt; Shareholding Patterns</p>	<a href="https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern">https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern</a>	<a href="https://www.bseindia.com/corporates/Sharehold_Searchnew.aspx">https://www.bseindia.com/corporates/Sharehold_Searchnew.aspx</a>
3	<p><b>Business Responsibility and Sustainability Reports</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Business Responsibility and Sustainability Reports</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; BRSR</p>	<a href="https://www.nseindia.com/companies-listing/corporate-filings-bussiness-sustainabilitiy-reports">https://www.nseindia.com/companies-listing/corporate-filings-bussiness-sustainabilitiy-reports</a>	<a href="https://www.bseindia.com/corporates.html">https://www.bseindia.com/corporates.html</a>
4	<p><b>Financial Results</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Financial Results</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings (Top Menu) &gt; Financial Results</p>	<a href="https://www.nseindia.com/companies-listing/corporate-filings-financial-results">https://www.nseindia.com/companies-listing/corporate-filings-financial-results</a>	<a href="https://www.bseindia.com/corporates/Comp_Resultsnew.aspx">https://www.bseindia.com/corporates/Comp_Resultsnew.aspx</a>
5	<p><b>Investor Complaints</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Investor Complaints</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; Statement of Investor Complaints (Equity &amp; REIT_INVIT)</p>	<a href="https://www.nseindia.com/companies-listing/corporate-filings-investor-complaints">https://www.nseindia.com/companies-listing/corporate-filings-investor-complaints</a>	<a href="https://www.bseindia.com/corporates.html">https://www.bseindia.com/corporates.html</a>
6	<p><b>Voting Results</b></p>	<a href="https://www.nseindia.com/companies-listing/corporate-filings-voting-results">https://www.nseindia.com/companies-listing/corporate-filings-voting-results</a>	<a href="https://www.bseindia.com/corporates/VotingResult.aspx">https://www.bseindia.com/corporates/VotingResult.aspx</a>

	<p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Voting Results</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; Voting Results</p>		
7	<p><b>Related Party Transactions</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Related Party Transactions</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; Related Party Transactions (RPT)</p>	<p><a href="https://www.nseindia.com/companies-listing/related-party-transactions">https://www.nseindia.com/companies-listing/related-party-transactions</a></p>	<p><a href="https://www.bseindia.com/corporates.html">https://www.bseindia.com/corporates.html</a></p>
8	<p><b>Secretarial Compliance</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Secretarial Compliance</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; Regulation 24A - Secretarial Compliance Report</p>	<p><a href="https://www.nseindia.com/companies-listing/corporate-filings-secretarial-compliance-report">https://www.nseindia.com/companies-listing/corporate-filings-secretarial-compliance-report</a></p>	<p><a href="https://www.bseindia.com/corporates.html">https://www.bseindia.com/corporates.html</a></p>
9	<p><b>Statement of deviation/variation</b></p> <p><b>NSE</b> &gt; Corporate Announcements &gt; View All &gt; Statement of deviation/variation</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings (Top Menu) &gt; Regulation 32 (1) - Statement of deviation/variation</p>	<p><a href="https://www.nseindia.com/companies-listing/corporate-filings-statement-of-deviation-variation">https://www.nseindia.com/companies-listing/corporate-filings-statement-of-deviation-variation</a></p>	<p><a href="https://www.bseindia.com/corporates/xbrldatails.aspx">https://www.bseindia.com/corporates/xbrldatails.aspx</a></p>
10	<p><b>Annual Report</b></p> <p><b>NSE</b>&gt; Corporate Announcements &gt; View All &gt; Annual Report</p> <p><b>BSE</b> &gt; Corporates &gt; Corporate Filings &gt; Annual Report</p>	<p><a href="https://www.nseindia.com/companies-listing/corporate-filings-annual-reports">https://www.nseindia.com/companies-listing/corporate-filings-annual-reports</a></p>	<p><a href="https://www.bseindia.com/corporates/xbrldatails.aspx?flag=7">https://www.bseindia.com/corporates/xbrldatails.aspx?flag=7</a></p>

**DRAFT CIRCULAR**

To,

**All listed entities that have listed their specified securities  
All Recognized Stock Exchanges  
All Practising Company Secretaries**

Madam / Sir,

**Sub: Disqualifications for secretarial auditor and certain services not to be rendered by the secretarial auditor**

1. For the purpose of Regulation 24A, the following persons shall not be eligible to be a secretarial auditor of the listed entity, namely: —
  - a) a body corporate other than a limited liability partnership registered under the Limited Liability Partnership Act, 2008;
  - b) an officer or employee of the listed entity;
  - c) a person who is a partner, or who is in the employment, of an officer or employee of the listed entity;
  - d) a person who, or his relative or partner—
    - i. is holding security of or interest in the listed entity or its subsidiary, or of its holding or associate entity or a subsidiary of such holding entity to which the listed entity is also a subsidiary, of face value not exceeding one lakh rupees;
    - ii. is indebted to the listed entity, or its subsidiary, or its holding or associate entity or a subsidiary of such holding entity to which the listed entity is also a subsidiary, not exceeding five lakh rupees; or
    - iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, or its subsidiary, or its holding or associate entity or a subsidiary of such holding entity to which the listed entity is also a subsidiary, not exceeding one lakh rupees;
  - e) a person or a firm who, whether directly or indirectly, has business relationship with the listed entity, or its subsidiary, or its holding or associate entity or subsidiary of such holding entity or associate entity;

Explanation. —For the purposes of this clause, the term “business relationship” shall be construed as any transaction entered into for a commercial purpose, except -

- i. commercial transactions which are in the nature of professional services permitted to be rendered by a secretarial auditor or secretarial audit firm under the Companies Act, 2013 and Companies Secretaries Act, 1980 and the rules or the regulations made under those Acts;

- ii. commercial transactions which are in the ordinary course of business of the company at arm's length price - like sale of products or services to the secretarial auditor, as customer, in the ordinary course of business, by companies engaged in the business of telecommunications, airlines, hospitals, hotels and such other similar businesses.
- f) a person whose relative is a director or is in the employment of the listed entity as a director or key managerial personnel;
- g) a person who is in full time employment elsewhere or a person or a partner of a firm holding appointment as its secretarial auditor, if such persons or partner is at the date of such appointment or reappointment holding appointment as secretarial auditor of 15 or more than 15 companies;
- h) a person who has been convicted by a court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction;
- i) a person who, directly or indirectly, renders any service referred to in sub-regulation (1B) of regulation 24A to the entity or its holding or its subsidiary entities.

Explanation — The term “directly or indirectly” shall have the meaning assigned to it in the Explanation given in paragraph 2 below.

2. Secretarial auditor not to render certain services:

- a) For the purpose of Regulation 24A (1B), a secretarial auditor appointed under these regulations, shall not provide any of the following services (whether such services are rendered directly or indirectly) to the listed entity, or its holding entity or subsidiary entity, namely:
  - i. internal audit;
  - ii. design and implementation of any compliance management system or system process of compliances, information system, policy framework;
  - iii. investment advisory services;
  - iv. investment banking services;
  - v. rendering of outsourced compliance management, record keeping & maintenance services;
  - vi. management services; and
  - vii. any other kind of services as may be specified from time to time.

Explanation:- The term “directly or indirectly” shall include rendering of services by the secretarial auditor, —

- i. in case of secretarial auditor being an individual, either himself or through his relative or any other person connected or associated with such individual or through any other entity, whatsoever, in which such individual has significant influence or control, or whose name or trade mark or brand is used by such individual;
- ii. in case of secretarial auditor being a firm, either itself or through any of its partners or through its parent, subsidiary or associate entity or through any other entity, whatsoever, in which the firm or any partner of the firm has significant influence or control, or whose name or trade mark or brand is used by the firm or any of its partners.

3. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 24A, 101 and 102 of the LODR.
4. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal->Circulars".

\*\*\*\*\*



**Annexure 5: Revised format of Part A of Schedule X of the ICDR**

**Part A - Format of pre-issue and price band advertisement for a public issue**

**[See regulations 43(2), 29(4), 127(4), 139(2), 189(4), 264(2) and 250(4)]**

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY. THIS IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES.

**ABC Limited (Name of issuer)**

For details of changes in name and the registered office of the Company, see "History and Certain Corporate Matters – Brief history of our Company" and "History and Certain Corporate Matters – Changes in the Registered Office" on page [-] of the red herring prospectus [-] ("RHP" or "Red Herring Prospectus").

Registered Office: [-];

Corporate Office: [-];

Contact Person: [-]; Tel: [-]; E-mail: [-]; Website: [-]; Corporate Identity Number: [-]

**QR Code** (Scan of QR Code should take the reader to the webpage of the left lead BRLM where documents relating to the issue such as the offer documents, price band advertisement etc. are available)

**PROMOTERS**

[\_XYZ\_]

**THE ISSUE**

Public issue of \_\_\_\_\_ (nature of the specified securities) of \_\_\_\_\_ each at a price of \_\_\_\_\_

**DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION, AS APPLICABLE**

(Name of selling shareholder, Type (promoter selling shareholder, investor etc.), No. of shares offered, Aggregate proceeds from offered shares, Weighted average cost of acquisition per equity share, in tabular form)

**The Company has completed pre-IPO placements in a price range of Rs. [-] to Rs. [-] per Equity Share. For further details of pre-IPO placements by the Company from the date of the DRHP, please refer to "Additional Information to investors" herein below.**

**PRICE BAND: Rs. [-] TO Rs. [-] PER EQUITY SHARE OF FACE VALUE OF Rs. [-] EACH.**

**THE FLOOR PRICE IS [-] TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS [-] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

**THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FISCAL [-] AT THE FLOOR PRICE IS [-] TIMES AND AT THE CAP PRICE IS [-] TIMES.**

(The above assumes a price band. The above maybe suitably modified for fixed price or floor price, as the case maybe.)

**BIDS CAN BE MADE FOR A MINIMUM OF [-] EQUITY SHARES AND IN MULTIPLES OF [-] EQUITY SHARES THEREAFTER.**

**ANCHOR INVESTOR BIDDING DATE: [-] (as applicable)**

**BID/ ISSUE OPENS ON: [-]**

**BID/ ISSUE CLOSES ON: [-]**

**Brief description of the business of the issuer company**

**The issue is being made pursuant to [Regulation 6(1) or Regulation 6(2) or Chapter IX (Initial Public Offer by Small and Medium Enterprises)] of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (SEBI ICDR Regulations)**

**THE EQUITY SHARES OF THE COMPANY WILL GET LISTED ON [NAME THE BOARD] OF [NAME THE STOCK EXCHANGES]. [NAME OF STOCK EXCHANGE] SHALL BE THE DESIGNATED STOCK EXCHANGE.**

(In the case of book building issues, disclosure about the details of allocation shall be given in the following manner, as percentage of issue size/ net offer:

QIB Category: \_\_\_\_\_%

Retail Category: \_\_\_\_\_%

Non institutional investor category: \_\_\_\_\_%

Reserved categories: \_\_\_\_\_Equity Shares or \_\_\_\_\_%)

**IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.**

**Recommendation of the Independent Directors of the Company on justification of the price band.**

**RISKS TO INVESTORS:** This will include the following:

1. Risk to Investors: Summary description of key risk factors based on materiality.
2. Details of suitable ratios such as price/ revenues, price/ earnings, enterprise value/ EBITDA, earnings per share, net asset value per share, return on equity, return on capital employed, of the company and its peer group for the latest full financial year.
3. Weighted average return on net worth for the last 3 FYs, and return on net worth for any interim period for the issuer company.
4. Disclosures as per clause (9)(K)(4) of Part A to Schedule VI, as applicable.

**ADDITIONAL INFORMATION FOR INVESTORS:** This will include the following:

1. Details of proposed /undertaken pre-issue placements from the DRHP filing date. Make suitable disclosure, in tabular format, including details of date of allotment, name of allottees, number of equity shares, percentage of pre-Offer share capital of the company, price per share, total consideration. In case the company had made a provision for Pre-IPO placement in the DRHP and does not complete such a placement, a statement to this effect shall also be included.
2. Transaction of shares aggregating up to 1% or more of the paid-up equity share capital of the company by promoter(s) and promoter group(s) from the DRHP filing date. Make suitable disclosure, in tabular format, including date of transfer/ allotment, name of transferor, name of transferee/ allottee, nature of transaction, number of equity shares, percentage of pre-offer share capital of the company, price per shares, total consideration. Disclose if the transferees/ allottees are connected to the issuer company or its promoters, promoter group, directors, KMPs or its subsidiaries, group companies and their directors or KMPs in any manner. If not, a negative statement shall be made to this effect.
3. Pre-issue shareholding as at the date of advertisement and post-issue shareholding as at allotment for promoter(s), promoter group and additional top 10 shareholders, in the following format:

Shareholding of Promoter / Promoter Group and Additional Top 10 Shareholders of the Company

S. No.	Pre-Issue shareholding as at the date of Advertisement			Post-Issue shareholding as at Allotment (3)			
	Shareholders	Number of Equity Shares(2)	Share holding (in %)(2)	At the lower end of the price band (₹[•])		At the upper end of the price band (₹[•])	
				Number of Equity Shares (2)	Share holding (in %)(2)	Number of Equity Shares(2)	Share holding (in %)(2)
1.	Promoter [Name]	1 [•]	[•]%	[•]	[•]%	[•]	[•]%
	Promoter [Name]	2 [•]	[•]%	[•]	[•]%	[•]	[•]%
	Promoter Group(1)	[•]	[•]%	[•]	[•]%	[•]	[•]%
2.	[•]	[•]	[•]%	[•]	[•]%	[•]	[•]%
3.	[•]	[•]	[•]%	[•]	[•]%	[•]	[•]%
.....							
9.	[•]	[•]	[•]%	[•]	[•]%	[•]	[•]%
10.	[•]	[•]	[•]%	[•]	[•]%	[•]	[•]%
11.	[•]	[•]	[•]%	[•]	[•]%	[•]	[•]%

Notes:

- (1) The Promoter Group shareholders are [●], [●] and [●].
- (2) Assuming all vested ESOPs as on date of advertisement are exercised. The post issue shareholding shall be updated in the prospectus based on ESOPs exercised until such date.
- (3) Assuming full subscription in the Issue (fresh issue and/or offer for sale). The post-issue shareholding details as at allotment will be based on the actual subscription and the final Issue price and updated in the prospectus, subject to finalization of the basis of allotment. Also, this table assumes there is no transfer of shares by these shareholders between the date of the advertisement and allotment (if any such transfers occur prior to the date of prospectus, it will be updated in the shareholding pattern in the prospectus).

### **BASIS FOR OFFER PRICE**

(Include a disclosure to the effect that the "Basis for Issue Price" on page [-] of the offer document has been updated with the above price band. Please refer to the websites of the BRLMs: [-], [-] and [-] for the "Basis for Issue Price" updated with the above price band.)

(Give **QR Code** - Scan of QR Code should take the reader to the webpage of the left lead BRLM where documents relating to the issue including the "Basis for Issue Price" chapter updated with the price band, are available.)

### **INDICATIVE TIMELINES FOR THE ISSUE**

(including timelines for (i) submission and revision of bids during the bid/ issue period (except the bid/ issue closing date) and on the bid/ issue closing date, (ii) bid upload timings, (iii) Expected date for commencement of trading of the equity shares on the stock exchanges)

**CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS:** For information on the main objects of the company, please see the section "History and Certain Corporate Matters" on page [-] of the offer document. The Memorandum of Association of the company is a material document for inspection in relation to the issue. For further details, please see the section titled "Material Contracts and Documents for Inspection" on page [-] of the offer document.

**LIABILITY OF THE MEMBERS OF THE COMPANY:** Limited by shares.

**AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE:** As on the date of the offer document, the authorised share capital of the company [-] divided into [-] equity shares of face value of [-] each. The issued, subscribed and paid-up share capital of the Company is [-] divided into [-] equity shares of face value of [-] each. For details, please see the section titled "Capital Structure" beginning on page [-] of the offer document.

**NAMES OF SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM:** [-]

**DISCLAIMER CLAUSE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA:** "SEBI only gives its observations on the draft offer document and this does not constitute approval of either the issue or the specified securities stated in the offer document."

**DISCLAIMER CLAUSE OF STOCK EXCHANGES:** [-]

**CREDIT RATING** (if applicable)

**DEBTENTURE TRUSTEE** (if applicable)

**IPO GRADING (if applicable)**

**BOOK RUNNING LEAD MANAGERS**

Name, Telephone no., E-mail, Contact person, Website

**REGISTRAR TO THE OFFER**

Name, Telephone no., E-mail, Contact person, Website

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Name, Telephone no., E-mail, Website

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-issue or post-issue related grievances including non-receipt of letters of allotment, noncredit of allotted equity shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all issue related queries and for redressal of complaints, investors may also write to the BRLMs.

**Availability of the offer document:** [-]

**Availability of the abridged prospectus:** [-]

**Availability of application forms:** [-]

**Syndicate member(s):** [-]

**Sub-syndicate members:** [-]

**Bankers to the Offer/ Escrow Collection Bank and Refund Bank/ Public Offer Account Bank:** [-]

**Sponsor Banks:** [-]

**UPI:** UPI Bidders can also bid through UPI mechanism

**For [Name of issuer company]**

**Authorized personnel of the issuer**

**Place:** [-]

**Date:** [-]

**Notes:**

- "Risks to Investors" needs to be adequately highlighted in the advertisement ensuring prominent visibility.
- Risk Factors should constitute at least 33% and information of BRLM not more than 10% of the advertisements.
- Font size of price band/ floor price and the risk factors should match that of bid/ issue programme. In addition, information on acquisition of shares should be given a tabular form

[Annexure 6: Revised format of Part B of Schedule X of the ICDR](#)

[Part B - Format of issue opening advertisement for a public issue](#)

[\[See regulation 43\(3\), 200\(1\) and 264\(3\)\]](#)

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY. THIS IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES.

**ABC Limited (Name of issuer)**

For details of changes in name and the registered office of the Company, see "History and Certain Corporate Matters – Brief history of our Company" and "History and Certain Corporate Matters – Changes in the Registered Office" on page [-] of the red herring prospectus [-] ("RHP" or "Red Herring Prospectus").

Registered Office: [-];

Corporate Office: [-];

Contact Person: [-]; Tel: [-]; E-mail: [-]; Website: [-]; Corporate Identity Number: [-]

**QR Code** (Scan of QR Code should take the reader to the webpage of the left lead BRLM where documents relating to the issue such as the offer documents, price band advertisement etc. are available)

**PROMOTERS**

[\_XYZ\_]

**THE ISSUE**

Public issue of \_\_\_\_\_ (nature of the specified securities) of \_\_\_\_\_ each at a price of \_\_\_\_\_

**DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION, AS APPLICABLE**

(Name of selling shareholder, Type (promoter selling shareholder, investor etc.), No. of shares offered, Aggregate proceeds from offered shares, Weighted average cost of acquisition per equity share, in tabular form)

**The Company has completed pre-IPO placements in a price range of Rs. [-] to Rs. [-] per Equity Share. For further details of pre-IPO placements by the Company from the date of the DRHP, please refer to "Additional Information to investors" herein below.**

**PRICE BAND: Rs. [-] TO Rs. [-] PER EQUITY SHARE OF FACE VALUE OF Rs. [-] EACH.**

**THE FLOOR PRICE IS [-] TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS [-] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

**THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FISCAL [-] AT THE FLOOR PRICE IS [-] TIMES AND AT THE CAP PRICE IS [-] TIMES.**

(The above assumes a price band. The above maybe suitably modified for fixed price or floor price, as the case maybe.)

**BIDS CAN BE MADE FOR A MINIMUM OF [-] EQUITY SHARES AND IN MULTIPLES OF [-] EQUITY SHARES THEREAFTER.**

**ANCHOR INVESTOR BIDDING DATE: [-] (as applicable)**

**BID/ ISSUE OPENS TODAY**

**BID/ ISSUE CLOSES ON: [-]**

**Brief description of the business of the issuer company**

**The issue is being made pursuant to [Regulation 6(1) or Regulation 6(2) or Chapter IX (Initial Public Offer by Small and Medium Enterprises)] of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (SEBI ICDR Regulations)**

**THE EQUITY SHARES OF THE COMPANY WILL GET LISTED ON [NAME THE BOARD] OF [NAME THE STOCK EXCHANGES]. [NAME OF STOCK EXCHANGE] SHALL BE THE DESIGNATED STOCK EXCHANGE.**

(In the case of book building issues, disclosure about the details of allocation shall be given in the following manner, as percentage of issue size/ net offer:

QIB Category: \_\_\_\_\_%

Retail Category: \_\_\_\_\_%

Non institutional investor category: \_\_\_\_\_%

Reserved categories: \_\_\_\_\_ Equity Shares or \_\_\_\_\_%)

**IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.**

**Recommendation of the Independent Directors of the Company on justification of the price band.**

**RISKS TO INVESTORS:** This will include the following:

1. Risk to Investors: Summary description of key risk factors based on materiality.
2. Details of suitable ratios such as price/ revenues, price/ earnings, enterprise value/ EBITDA, earnings per share, net asset value per share, return on equity, return on capital employed, of the company and its peer group for the latest full financial year.
3. Weighted average return on net worth for the last 3 FYs, and return on net worth for any interim period for the issuer company.
4. Disclosures as per clause (9)(K)(4) of Part A to Schedule VI, as applicable.

**ADDITIONAL INFORMATION FOR INVESTORS:** This will include the following:

1. Details of proposed /undertaken pre-issue placements from the DRHP filing date. Make suitable disclosure, in tabular format, including details of date of allotment, name of allottees, number of equity shares, percentage of pre-Offer share capital of the company, price per share, total consideration. In case the company had made a provision for Pre-IPO placement in the DRHP and does

not complete such a placement, a statement to this effect shall also be included.

2. Transaction of shares aggregating up to 1% or more of the paid-up equity share capital of the company by promoter(s) and promoter group(s) from the DRHP filing date. Make suitable disclosure, in tabular format, including date of transfer/ allotment, name of transferor, name of transferee/ allottee, nature of transaction, number of equity shares, percentage of pre-offer share capital of the company, price per shares, total consideration. Disclose if the transferees/ allottees are connected to the issuer company or its promoters, promoter group, directors, KMPs or its subsidiaries, group companies and their directors or KMPs in any manner. If not, a negative statement shall be made to this effect.

### **BASIS FOR OFFER PRICE**

(Include a disclosure to the effect that the "Basis for Issue Price" on page [-] of the offer document has been updated with the above price band. Please refer to the websites of the BRLMs: [-], [-] and [-] for the "Basis for Issue Price" updated with the above price band.)

(Give **QR Code** - Scan of QR Code should take the reader to the webpage of the left lead BRLM where documents relating to the issue including the "Basis for Issue Price" chapter updated with the price band, are available.)

### **INDICATIVE TIMELINES FOR THE ISSUE**

(include timelines for (i) submission and revision of bids during the bid/ issue period (except the bid/ issue closing date) and on the bid/ issue closing date, (ii) bid upload timings, (iii) Expected date for commencement of trading of the equity shares on the stock exchanges)

**CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS:** For information on the main objects of the company, please see the section "History and Certain Corporate Matters" on page [-] of the offer document. The Memorandum of Association of the company is a material document for inspection in relation to the issue. For further details, please see the section titled "Material Contracts and Documents for Inspection" on page [-] of the offer document.

**LIABILITY OF THE MEMBERS OF THE COMPANY:** Limited by shares.

**AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE:** As on the date of the offer document, the authorised share capital of the company [-] divided into [-] equity shares of face value of [-] each. The issued, subscribed and paid-up share capital of the Company is [-] divided into [-] equity shares of face value of [-] each. For details, please see the section titled "Capital Structure" beginning on page [-] of the offer document.

**NAMES OF SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM:** [-]

**DISCLAIMER CLAUSE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA:**  
"SEBI only gives its observations on the draft offer document and this does not constitute approval of either the issue or the specified securities stated in the offer document."

**DISCLAIMER CLAUSE OF STOCK EXCHANGES:** [-]

**CREDIT RATING** (if applicable)



**DEBTENTURE TRUSTEE** (if applicable)

**IPO GRADING** (if applicable)

**BOOK RUNNING LEAD MANAGERS**

Name, Telephone no., E-mail, Contact person, Website

**REGISTRAR TO THE OFFER**

Name, Telephone no., E-mail, Contact person, Website

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Name, Telephone no., E-mail, Website

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-issue or post-issue related grievances including non-receipt of letters of allotment, noncredit of allotted equity shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all issue related queries and for redressal of complaints, investors may also write to the BRLMs.

**Availability of the offer document:** [-]

**Availability of the abridged prospectus:** [-]

**Availability of application forms:** [-]

**Syndicate member(s):** [-]

**Sub-syndicate members:** [-]

**Bankers to the Offer/ Escrow Collection Bank and Refund Bank/ Public Offer Account Bank:** [-]

**Sponsor Banks:** [-]

**UPI:** UPI Bidders can also bid through UPI mechanism.

**For [Name of issuer company]**

**Authorized personnel of the issuer**

**Place:** [-]

**Date:** [-]

**Notes:**

- “Risks to Investors” needs to be adequately highlighted in the advertisement ensuring prominent visibility.
- Risk Factors should constitute at least 33% and information of BRLM not more than 10% of the advertisements.
- Font size of price band/ floor price and the risk factors should match that of bid/ issue programme. In addition, information on acquisition of shares should be given a tabular form.

[Annexure 7: Revised format of Part C of Schedule X of the ICDR](#)

[Part C - Format of issue closing advertisement for a public issue](#)

[\[See regulation 43\(3\), 200\(1\) and 264\(3\)\]](#)

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY. THIS IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES.

**ABC Limited (Name of issuer)**

For details of changes in name and the registered office of the Company, see "History and Certain Corporate Matters – Brief history of our Company" and "History and Certain Corporate Matters – Changes in the Registered Office" on page [-] of the red herring prospectus [-] ("RHP" or "Red Herring Prospectus").

Registered Office: [-];

Corporate Office: [-];

Contact Person: [-]; Tel: [-]; E-mail: [-]; Website: [-]; Corporate Identity Number: [-]

**QR Code** (Scan of QR Code should take the reader to the webpage of the left lead BRLM where documents relating to the issue such as the offer documents, price band advertisement etc. are available)

**PROMOTERS**

[\_XYZ\_]

**THE ISSUE**

Public issue of \_\_\_\_\_ (nature of the specified securities) of \_\_\_\_\_ each at a price of \_\_\_\_\_

**DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION, AS APPLICABLE**

(Name of selling shareholder, Type (promoter selling shareholder, investor etc.), No. of shares offered, Aggregate proceeds from offered shares, Weighted average cost of acquisition per equity share, in tabular form)

**The Company has completed pre-IPO placements in a price range of Rs. [-] to Rs. [-] per Equity Share. For further details of pre-IPO placements by the Company from the date of the DRHP, please refer to "Additional Information to investors" herein below.**

**PRICE BAND: Rs. [-] TO Rs. [-] PER EQUITY SHARE OF FACE VALUE OF Rs. [-] EACH.**

**THE FLOOR PRICE IS [-] TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS [-] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

**THE PRICE TO EARNING RATIO BASED ON DILUTED EPS FOR FISCAL [-] AT THE FLOOR PRICE IS [-] TIMES AND AT THE CAP PRICE IS [-] TIMES.**

(The above assumes a price band. The above maybe suitably modified for fixed price or floor price, as the case maybe.)

**BIDS CAN BE MADE FOR A MINIMUM OF [-] EQUITY SHARES AND IN MULTIPLES OF [-] EQUITY SHARES THEREAFTER.**

**BID/ ISSUE CLOSES TODAY**

**Brief description of the business of the issuer company**

**The issue is being made pursuant to [Regulation 6(1) or Regulation 6(2) or Chapter IX (Initial Public Offer by Small and Medium Enterprises)] of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (SEBI ICDR Regulations)**

**THE EQUITY SHARES OF THE COMPANY WILL GET LISTED ON [NAME THE BOARD] OF [NAME THE STOCK EXCHANGES]. [NAME OF STOCK EXCHANGE] SHALL BE THE DESIGNATED STOCK EXCHANGE.**

(In the case of book building issues, disclosure about the details of allocation shall be given in the following manner, as percentage of issue size/ net offer:

QIB Category: \_\_\_\_\_%

Retail Category: \_\_\_\_\_%

Non institutional investor category: \_\_\_\_\_%

Reserved categories: \_\_\_\_\_Equity Shares or \_\_\_\_\_%)

**IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.**

**Recommendation of the Independent Directors of the Company on justification of the price band.**

**RISKS TO INVESTORS:** (This will include the following:

1. Risk to Investors: Summary description of key risk factors based on materiality.
2. Details of suitable ratios such as price/ revenues, price/ earnings, enterprise value/ EBITDA, earnings per share, net asset value per share, return on equity, return on capital employed, of the company and its peer group for the latest full financial year.
3. Weighted average return on net worth for the last 3 FYs, and return on net worth for any interim period for the issuer company.
4. Disclosures as per clause (9)(K)(4) of Part A to Schedule VI, as applicable.

**ADDITIONAL INFORMATION FOR INVESTORS:** This will include the following:

1. Details of proposed /undertaken pre-issue placements from the DRHP filing date. Make suitable disclosure, in tabular format, including details of date of allotment, name of allottees, number of equity shares, percentage of pre-Offer share capital of the company, price per share, total consideration. In case the company had made a provision for Pre-IPO placement in the DRHP and does not complete such a placement, a statement to this effect shall also be included.

2. Transaction of shares aggregating up to 1% or more of the paid-up equity share capital of the company by promoter(s) and promoter group(s) from the DRHP filing date. Make suitable disclosure, in tabular format, including date of transfer/ allotment, name of transferor, name of transferee/ allottee, nature of transaction, number of equity shares, percentage of pre-offer share capital of the company, price per shares, total consideration. Disclose if the transferees/ allottees are connected to the issuer company or its promoters, promoter group, directors, KMPs or its subsidiaries, group companies and their directors or KMPs in any manner. If not, a negative statement shall be made to this effect.

### **BASIS FOR OFFER PRICE**

(Include a disclosure to the effect that the "Basis for Issue Price" on page [-] of the offer document has been updated with the above price band. Please refer to the websites of the BRLMs: [-], [-] and [-] for the "Basis for Issue Price" updated with the above price band.)

(Give **QR Code** - Scan of QR Code should take the reader to the webpage of the left lead BRLM where documents relating to the issue including the "Basis for Issue Price" chapter updated with the price band, are available.)

### **INDICATIVE TIMELINES FOR THE ISSUE**

(include timelines for (i) submission and revision of bids during the bid/ issue period (except the bid/ issue closing date) and on the bid/ issue closing date, (ii) bid upload timings, (iii) Expected date for commencement of trading of the equity shares on the stock exchanges)

**CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS:** For information on the main objects of the company, please see the section "History and Certain Corporate Matters" on page [-] of the offer document. The Memorandum of Association of the company is a material document for inspection in relation to the issue. For further details, please see the section titled "Material Contracts and Documents for Inspection" on page [-] of the offer document.

**LIABILITY OF THE MEMBERS OF THE COMPANY:** Limited by shares.

**AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE:** As on the date of the offer document, the authorised share capital of the company [-] divided into [-] equity shares of face value of [-] each. The issued, subscribed and paid-up share capital of the Company is [-] divided into [-] equity shares of face value of [-] each. For details, please see the section titled "Capital Structure" beginning on page [-] of the offer document.

**NAMES OF SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM:** [-]

**DISCLAIMER CLAUSE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA:** "SEBI only gives its observations on the draft offer document and this does not constitute approval of either the issue or the specified securities stated in the offer document."

**DISCLAIMER CLAUSE OF STOCK EXCHANGES:** [-]

**CREDIT RATING** (if applicable)

**DEBTENTURE TRUSTEE** (if applicable)

**IPO GRADING (if applicable)**

**BOOK RUNNING LEAD MANAGERS**

Name, Telephone no., E-mail, Contact person, Website

**REGISTRAR TO THE OFFER**

Name, Telephone no., E-mail, Contact person, Website

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Name, Telephone no., E-mail, Website

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-issue or post-issue related grievances including non-receipt of letters of allotment, noncredit of allotted equity shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all issue related queries and for redressal of complaints, investors may also write to the BRLMs.

**Availability of the offer document:** [-]

**Availability of the abridged prospectus:** [-]

**Availability of application forms:** [-]

**Syndicate member(s):** [-]

**Sub-syndicate members:** [-]

**Bankers to the Offer/ Escrow Collection Bank and Refund Bank/ Public Offer Account Bank:** [-]

**Sponsor Banks:** [-]

**UPI:** UPI Bidders can also bid through UPI mechanism.

**For [Name of issuer company]**

**Authorized personnel of the issuer**

**Place:** [-]

**Date:** [-]

**Notes:**

- "Risks to Investors" needs to be adequately highlighted in the advertisement ensuring prominent visibility.
- Risk Factors should constitute at least 33% and information of BRLM not more than 10% of the advertisements.
- Font size of price band/ floor price and the risk factors should match that of bid/ issue programme. In addition, information on acquisition of shares should be given a tabular form.

## LIST OF ABBREVIATIONS

ADR	Alternative Dispute Redressal
AGM	Annual General Meeting
API	Application Programming Interface
AoA	Articles of Association
B2C	Business to Consumer
Board	Securities and Exchange Board of India
BSE	BSE Ltd.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CIRP	Corporate Insolvency Resolution Process
Companies Act	Companies Act, 2013
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
ICSI	Institute of Company Secretaries of India
ID	Independent Director
IEPF	Investor Education and Protection Fund
KMP	Key Managerial Personnel
LODR Regulations / SEBI LODR / LODR	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs
MD	Managing Director
MoA	Memorandum of Association
NBFC	Non-Banking Financial Company
NCLT	National Company Law Tribunal
NED	Non-Executive Director
NSE	National Stock Exchange of India Ltd.
NRC	Nomination and Remuneration Committee
OAVM	Other Audio Visual Means
PFI	Public Financial Institution
PCS	Practising Company Secretary
RBI	Reserve Bank of India
RP	Resolution Professional
RPT	Related Party Transaction
RTA	Registrar to an Issue and Share Transfer Agent
SDD	System Driven Disclosure

SBEB Regulations	SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SME	Small and Medium Enterprises
SOP	Standard Operating Procedure
SRC	Stakeholders Relationship Committee
VC	Video Conferencing
WOS	Wholly owned subsidiary
WTD	Whole-time Director
XBRL	eXtensible Business Reporting Language

\*\*\*\*\*