

## N D A Update – Amendment to Listing Obligations And Disclosure Requirements (LODR) by SEBI

SEBI has amended certain regulations of LODR by way of notification dated August 03, 2021. Some of the new requirements vis-à-vis requirements prior to amendments are furnished below.

Regulation	Particulars	Requirement prior to amendment	New Requirement
16	Definition of Independent Director (ID)	Apart from receiving director's remuneration, the ID should not have material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the <b>two</b> immediately preceding financial years or during the current financial year	Apart from receiving director's remuneration, the ID should not have material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the <b>three</b> immediately preceding financial years or during the current financial year
16	Definition of Independent Director (ID)	Relative of ID should not have pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;	<ul style="list-style-type: none"> <li>Relative of ID should not hold securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the respective paid-up capital of the respective entity, or such higher sum as may be specified</li> <li>Relative of ID should not have given a guarantee or provided any security in connection with the indebtedness of any third person or should not be indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year</li> <li>Relative should not have any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income.</li> </ul>

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Regulation	Particulars	Requirement prior to amendment	New Requirement
			The overall amount of transaction for the above clauses shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower
16	Definition of Independent Director (ID)	The ID or his / her relative should not hold the position of a key managerial personnel or an employee in the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;	The ID should not hold the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company “ <b>or any company belonging to the promoter group of the listed entity</b> in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed. The relative of the ID should not hold the position of KMP in the above mentioned entities for the period mentioned above.
17(1C)	Appointment of Director	-	<b>Approval of shareholders is taken for appointment of a person as director at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier</b>
19(1)(c)	Composition of Nomination and Remuneration Committee	At least fifty percent of the directors shall be independent directors	At least <b>two-third</b> of the directors shall be independent directors
23(2)	Related Party Transaction (RPT)	All RPTs shall require prior approval of the audit committee	<b>Only those members of the audit committee, who are IDs, shall approve RPTs</b>
25(2A)	Appointment, re-appointment or removal of ID	-	<b>The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution</b>
25(6)	Appointment of ID in replacement of an ID who has resigned or removed.	On resignation or removal of an ID, new ID should be appointed in the immediate next Board meeting or within 3 months of resignation / removal whichever is later	On resignation or removal of an ID, new ID should be appointed within 3 months of resignation / removal.

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25(11)	Restriction on appointment of a person who has resigned as ID	-	No ID, who resigns from a listed entity, shall be appointed as an executive / whole time director of the entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an ID.
36(3)(d)	Information to Shareholder on appointment / re-appointment of a director	Names of listed entities in which the person holds the directorship and the membership of Committees of the board	Names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years
SCH III	Disclosure to Stock Exchange (SE) on resignation of ID	Detailed reasons for the resignation of ID as given by the said director shall be disclosed to SEs	The letter of resignation along with detailed reasons for the resignation of ID as given by the said director shall be disclosed to SEs
SCH III	Disclosure to Stock Exchange (SE) on resignation of ID	-	Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any

<https://egazette.nic.in/WriteReadData/2021/228705.pdf>