

Presentation on recent amendments in (Listing Obligations and Disclosure Requirement) 2015, regarding provision of Independent Directors

Sr. No.	Regulations	Explanation	
1	Reg. 16 Definition	<p>"independent director" means a non-executive director, other than a nominee director of the listed entity:</p> <p>(i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;</p> <p>(ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company 63[or member of the promoter group of the listed entity];</p> <p>(iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;</p> <p>(iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the [three] immediately preceding financial years or during the current financial year;</p> <p>(v) none of whose relatives— [(A) is holding 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 paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;</p> <p>(B) is 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;</p> <p>(C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or</p> <p>(D) has 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: Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above 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.]</p> <p>(vi) who, neither himself ["/herself], nor whose relative(s) — (A) holds or has held 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[or any company belonging to the promoter group of the listed entity,] in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed: [Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.]</p> <p>(B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of — (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company. amounting to ten per cent or more of the gross turnover of such firm;</p> <p>(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or</p> <p>(D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;</p> <p>(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;</p> <p>(vii) who is not less than 21 years of age.</p> <p>(viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:]</p>	<p>Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022 for the word "two".</p> <p>Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022 for the following: "has or had pecuniary relationship or transaction 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".</p> <p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p>

	<p>Reg. 18 Audit Committee</p>	<p>(1) Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:</p> <p>(a) The audit committee shall have minimum three directors as members.</p> <p>(b) [At least] two-thirds of the members of audit committee shall be independent directors 91[and in case of a listed entity having outstanding SR equity shares, the audit committee shall only comprise of independent directors].</p> <p>(c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.</p> <p>(d) The chairperson of the audit committee shall be an independent director and he [/she] shall be present at Annual general meeting to answer shareholder queries.</p>	<p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f. 5.5.2021.</p>
	<p>Reg. 19 Nomination and Remuneration Committee</p>	<p>The board of directors shall constitute the nomination and remuneration committee as follows:</p> <p>(a) the committee shall comprise of at least three directors ;</p> <p>(b) all directors of the committee shall be non-executive directors; and</p> <p>(c) at least [two-thirds] of the directors shall be independent directors [***].</p>	<p>Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022 for the words “fifty percent”.</p> <p>The words and symbol “[and in case of a listed entity having outstanding SR equity shares, two thirds of the nomination and remuneration committee shall comprise of independent directors]” omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p>

<p>Reg. 23 Related Party Transaction</p>	<p>All related party transactions [and subsequent material modifications] shall require prior approval of the audit committee [of the listed entity]: [Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.] [Provided further that: (a) the audit committee of a listed entity shall define " Material modification" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions; (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; (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; (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.]</p> <p>(4) All material related party transactions [and subsequent material modifications as defined by the audit committee under sub-regulation (2)] shall require [prior] approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:</p>	<p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.</p> <p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p>
--	---	---

	<p>Reg. 25 Obligations with respect to independent directors</p>	<p><i>(2A) 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.</i></p> <p><i>(6)</i> An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than <i>***</i> t hree months from the date of such vacancy <i>***</i>: Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.</p> <p><i>(10)</i> With effect from <i>{January 1, 2022}</i>, the top <i>{1000}</i> listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.]</p> <p><i>[(11). No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the listed 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 independent director.]</i></p>	<p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>The words <i>“the immediate next meeting of the board of directors or” omitted by the SEBI</i> (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>The symbol and words <i>“, whichever is later” omitted by the SEBI</i> (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>Substituted for the number <i>“500”</i> by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022</p>
--	--	--	---

	<p>Reg. 36 (3) Documents & Information to shareholders</p>	<p>In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the following information: (a) a brief resume of the director; (b) nature of [***] expertise in specific functional areas; (c) disclosure of relationships between directors inter-se; (d) 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]; and (e) shareholding of non-executive directors in the listed entity, including shareholding as a beneficial owner; [(f). In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.]</p>	<p>The word “his” omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f. 5.5.2021.</p> <p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p>
	<p>SCHEDULE I PART D: ROLE OF COMMITTEES (OTHER THAN AUDIT COMMITTEE)</p>	<p>[(1A). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may: a. use the services of an external agencies, if required; b. consider candidates from a wide range of backgrounds, having due regard to diversity; and c. consider the time commitments of the candidates</p>	<p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p>

<p style="text-align: center;">SCHEDULE III PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES [See Regulation 30]</p>	<p>(7B) Resignation of [independent director] including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:</p> <p>i. [The letter of resignation along with] detailed reasons for the resignation [***] as given by the said director [***].</p> <p>[(ia). Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.]</p> <p>ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.</p> <p>iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the 373[disclosures] as specified in sub-clause (i) 374[and (ii)] above.]</p>	<p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>The words “of independent directors” omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>The words “shall be disclosed by the listed entities to the stock exchanges” omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>Substituted for the words “detailed reasons” by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p> <p>374 Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.</p>
--	---	---