

Recent Key Changes in SEBI LODR

February 2023

Senior Management

Earlier Provision

“senior management” shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and **normally this shall comprise** all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.”

Amended Provision

“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.

Directors

- Approval of shareholders at the next general meeting or within 3 months whichever is earlier
- Special Resolution for appointment of Independent Directors
- In case of failure to get Special Resolution, then the appointment shall be deemed to be made if,
 - Votes cast in favor are more than the votes cast against and the votes cast by public shareholders are more than the votes cast against by the public shareholders

Elaborated process of appointment

- NRC 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 shall have the capabilities prescribed in the description.
- The Committee may use the services of an external agencies, if required; consider candidates from a wide range of backgrounds, having due regard to diversity; and Consider the time commitments of the candidates.

Regulation 30

- Materiality Threshold
 - a) two percent of turnover, as per the last audited standalone financial statements of the listed entity;
 - b) two percent of net worth, as per the last audited standalone financial statements of the listed entity;
 - c) five percent of three-year average of absolute value of profit/loss after tax, as per the last three audited standalone financial statements of the listed entity.
- Making Materiality Policy more comprehensive to provide information to the relevant employees
- Disclosure timelines – minimum 12 hours from 24 hours
- Confirmation or denial of mainstream media reports (Top 250 Companies)
- Inclusion of SMP for disclosure requirements
- Clearing some anomalies

Meaning of Related Party

Earlier Provision	Amended Provision Effective from 1 April 2022	Amended Provision Effective from 1 April 2023
<p>“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards: <u>Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.</u></p>	<p>The definition of Related Party shall include;</p> <p>a. All persons or entities forming part of promoter or promoter group irrespective of their shareholding</p> <p>b. Any person/entity holding equity shares in the listed entity, either directly or indirectly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of 20% or more</p>	<p>b. Any person/entity holding equity shares in the listed entity as below, either directly or indirectly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of 10% or more</p>

- Related Party as defined under Section 2(76) of Companies Act, 2013
- Related Party as defined under IndAS 24
- Persons / Entities forming part of the Promoters or Promoter Group
- **For FY 2022-23** – Any person holding 20% or more in FY 2021-22
- **For FY 2023-24 Onwards** – Any person holding 10% or more in FY 2022-23

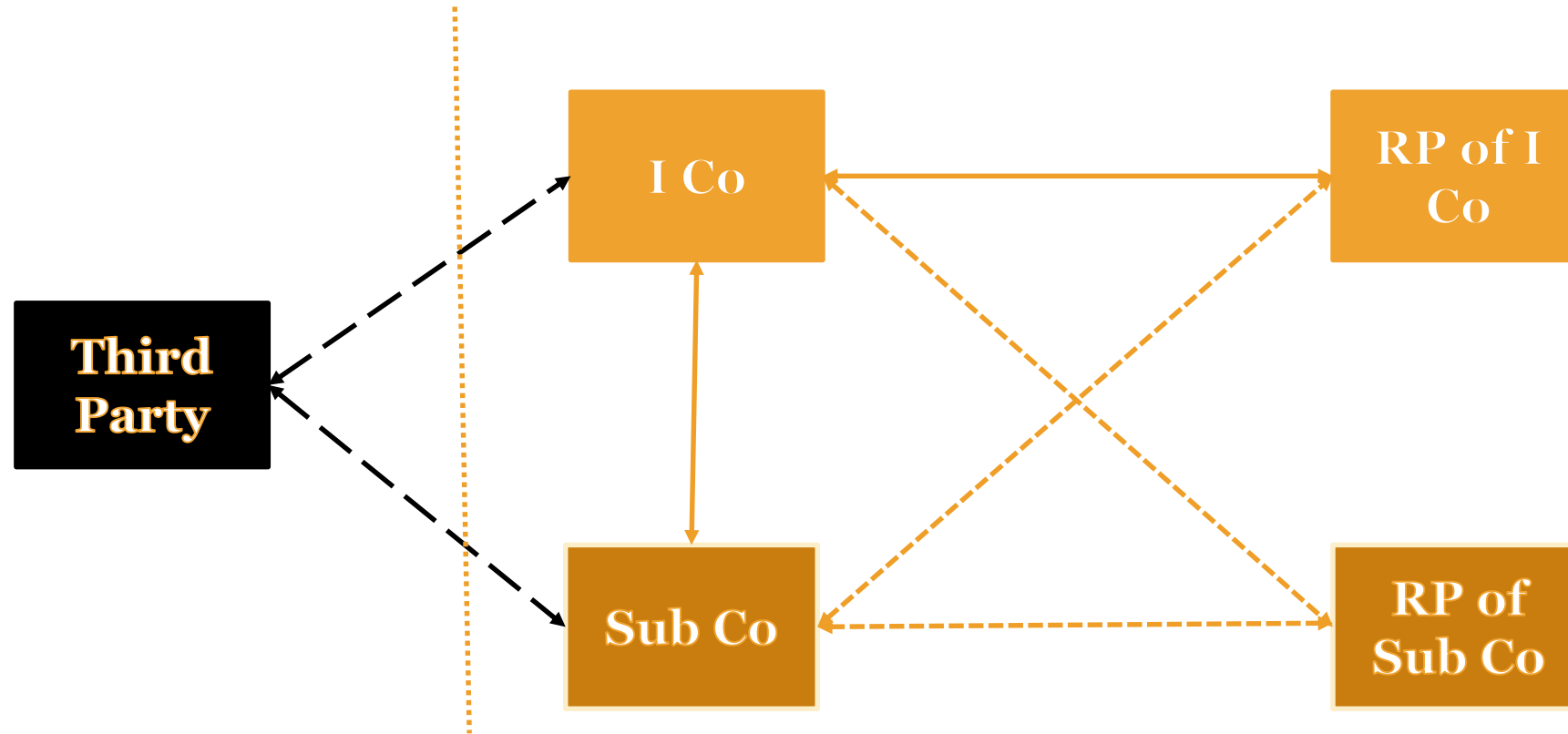
Meaning of Related Party Transaction




Earlier Provision	Amended Provision Effective from 1 April 2022	Amended Provision Effective from 1 April 2023
A transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract	The definition of Related Party Transaction shall include, <ul style="list-style-type: none">The listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand	Addition The listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, <u>the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries</u>

Exclusions

- Issue of specified securities on a preferential basis subject to compliance of SEBI Regulations
- Following Corporate Actions made on **proportionate basis**
 - Dividend
 - Subdivision or consolidation of securities
 - Rights issue or Bonus issue
 - Buy Back

Meaning of Related Party Transaction



	Existing coverage
	Coverage effective from 1 April 2022
	Coverage effective from 1 April 2023

Approvals

Audit Committee

With the amended definition of RPTs and its increased coverage, RPTs can be primarily divided into two categories and approval of the Audit Committee is required as follows;

Category of Transaction	Audit Committee Approval Requirement
Transactions where SPIL is a party	All the transactions irrespective of value of transactions
Transactions where SPIL is NOT a party	Transactions with value more than 10% of turnover of the respective subsidiary

Shareholders

Prior approval of the shareholders of the listed entity shall be required for material RPTs having a threshold of lower of **Rs. 1,000 crore or 10%** of the consolidated annual turnover of the listed entity.

Exemptions

Approval of the Audit Committee / Shareholders is not required for the following transactions;

1. Transactions between SPIL and any of its Wholly-owned Subsidiary
2. Transactions between two Wholly-owned Subsidiaries of SPIL

Disclosure

Earlier Provision

The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Amended Provision

Enhanced disclosure of information related to RPTs to be:

- a. placed before the audit committee
- b. provided in the notice to shareholders for material RPTs and
- c. provided to the stock exchanges every six months in the format specified by the Board with the following timelines:
 - within 15 days from the date of publication of financials **w.e.f. 1 April 2022 to 31 March 2023**
 - Simultaneously with the financials **w.e.f. April 1, 2023**

Thank you

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