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SEBI LODR – RECENT AMENDMENTS

DECEMBER 2024

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BAYER CROPSCIENCE LIMITED

AGENDA

Introduction

Ch I– Filings & Disclosure

**Ch II – Board of Directors &
Committees**

**Ch III- Promoters & Controlling
Shareholders**

Ch IV– Related Party Transactions

Ch V – Material Events

Ch VI – Compliance Requirements

Ch VII– Shareholder Participation

**Ch VIII – Strengthening Corporate
Governance**

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INTRODUCTION

All views & opinions expressed in the presentation are solely those of the presenter and not necessarily of Bayer CropScience Limited or ICSI



Union Budget – FY 2023-24 – Announcement

To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities.....”

Expert Committee was formed headed by – Shri. S K Mohanty – Aug 2023

To review the LODR and ICDR regulations for facilitating ease of doing of business & harmonize the provisions of ICDR and LODR

Expert Committee Composition:

Representation from SEBI, BSE & NSE, ICSI & ICAI, Corporates, Proxy Advisors, Practicing CS professionals, Industry Bodies.

TERMS OF REFERENCE – EXPERT COMMITTEE

- Reviewing the existing requirements in the key regulations – ease of doing business
- Harmonization of requirements in the ICDR and LODR
- Standardization and integration of various filings under LODR
- Reviewing of Corporate Governance Requirements with objective of instilling investor confidence and facilitating shareholder participation



APPROACH – EXPERT COMMITTEE

October 04, 2023 –

Suggestions were invited from public and regulated entities

2 Working Groups were formed to deliberate on the suggestions

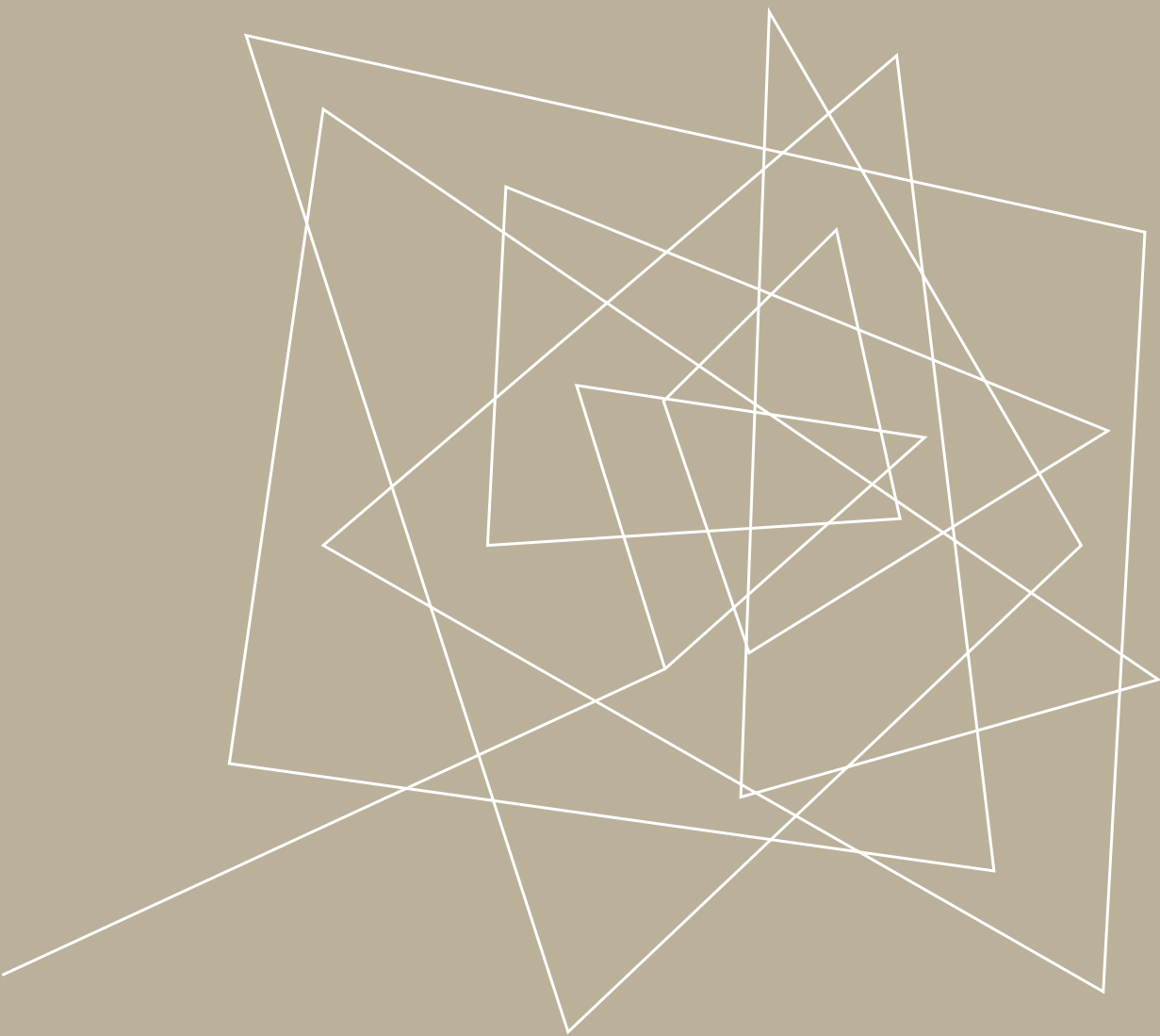
32 meetings were held by the Working Group and Expert Committee

Report of the Expert Committee was released:

Part A – LODR

Part B – ICDR

Part C – Harmonization of provisions of ICDR and LODR



CHAPTER I

FILINGS AND DISCLOSURES

Ch I – Filings & Disclosures

Single Filing System (Phase I – October 01,2024)

The filing done on one stock exchange to be automatically disseminated to other stock exchanges using an API-based integration.
(Phase I – October 01, 2024)

Integration of periodic filings (Circular dated December 31, 2024)

Integrated Filing – Governance (30 days from end of quarter)

Reg 13(3) – Statement of Investor Grievances
Reg 27 (2)(a) – Corporate Governance Report

Integrated Filing – Financial (45/60 days from end of quarter)

Reg 23(9) – Disclosure of RPT's
Regulation 30 – Quarterly disclosure of outstanding default on loans
Regulation 32(1) – Statement of Deviation & Variation
Regulation 33(3) – Financial Results

***Integrated filing applicable for the quarter beginning December 31, 2024 (45 days timeline provided for
1st quarter***

Ch I – Filings & Disclosures

Omission of few periodic filings

Reg 7(3) – Report by RTA
Reg 39 (3) – Loss of Share Certificates
Reg 40(9)/(10) – Annual Certification on adhering to timeline for processing requests relating to Physical shares

System driven disclosure of certain filings

Disclosure of new or revision in credit ratings to be automated at the end of stock exchanges.

Disclosure of shareholding pattern to be automated at the end of depositories and stock exchanges.

Website Disclosure

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.

Newspaper advertisements

The requirement of publishing detailed advertisements in newspapers for financial results to be made optional. A small box advertisement with the QR code and weblink.



CHAPTER II

BOARD OF DIRECTORS & COMMITTEES & COMPLIANCE OFFICER



COMPLIANCE OFFICER

Compliance Officer:

- Whole time employment
- One level below the Board of Directors
- Designated as KMP

Rationale:

Need to strengthen his/her role for effective discharge of statutory duties

Vacancy in office of Compliance Officer of listed entity in respect of which resolution plan under Section 31 of IBC – vacancy to be filled with 3 months of such approval – To provide relaxations to companies coming out of IBC framework



BOARD OF DIRECTORS

Prior approval required for appointing or re-appointing Non-Executive Directors prior to their attaining the age of 75 years.

Background: Upper Age Limit was introduced in 2019 as part of SEBI LODR with Special Resolution.

As per the India Board Report 2024 - Average age of NEID's have been consistently declining from 67 to 61 years.

BOARD OF DIRECTORS

Regulation 17 (1C) – Appointment of person as Director which is subject to regulatory approval, then time taken to receive such approvals shall be excluded from 3 months timelines.

Examples

Banks – Approval from RBI

PSU – Approval from Government of India

Insurance Companies – Approval from IRDAI



CHAPTER III

PROMOTERS & CONTROLLING SHAREHOLDERS



PROMOTER RE-CLASSIFICATION

Board approval or views for re-classification to be within **2 months** from the receipt of request from promoters

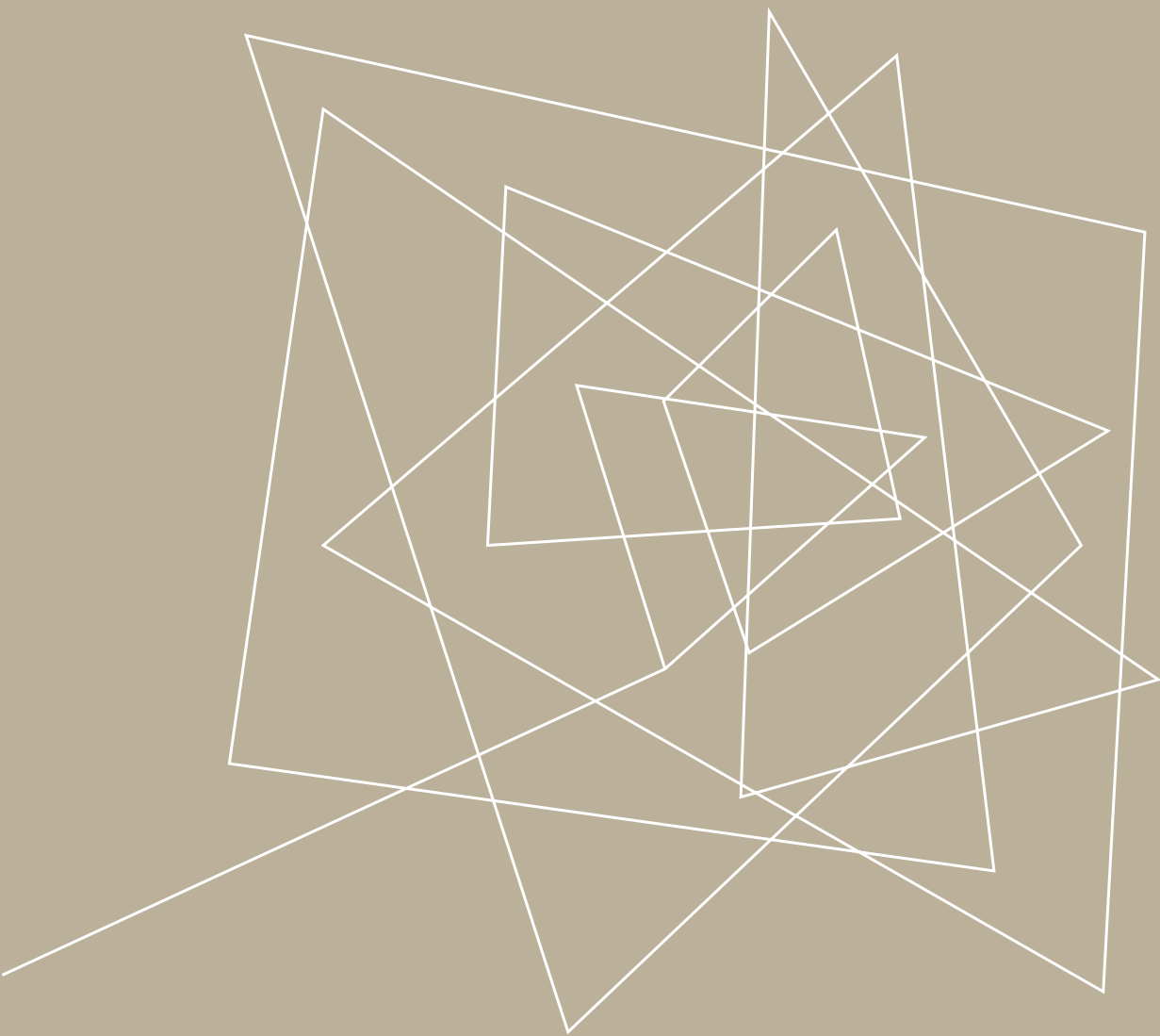
NOC application to be given within **5** days from Board Approval

Stock Exchanges have time of **30** days to decide on such applications

NOC to be obtained from the Stock Exchanges prior to seeking approval from Shareholders

Re-classification request to be submitted to Shareholders within **60** days of receipt of NOC from Stock Exchanges

If there are changes in the facts and circumstances after receipt of NOC, the listed entity would be required to seek Stock Exchange approval again before effecting reclassification.

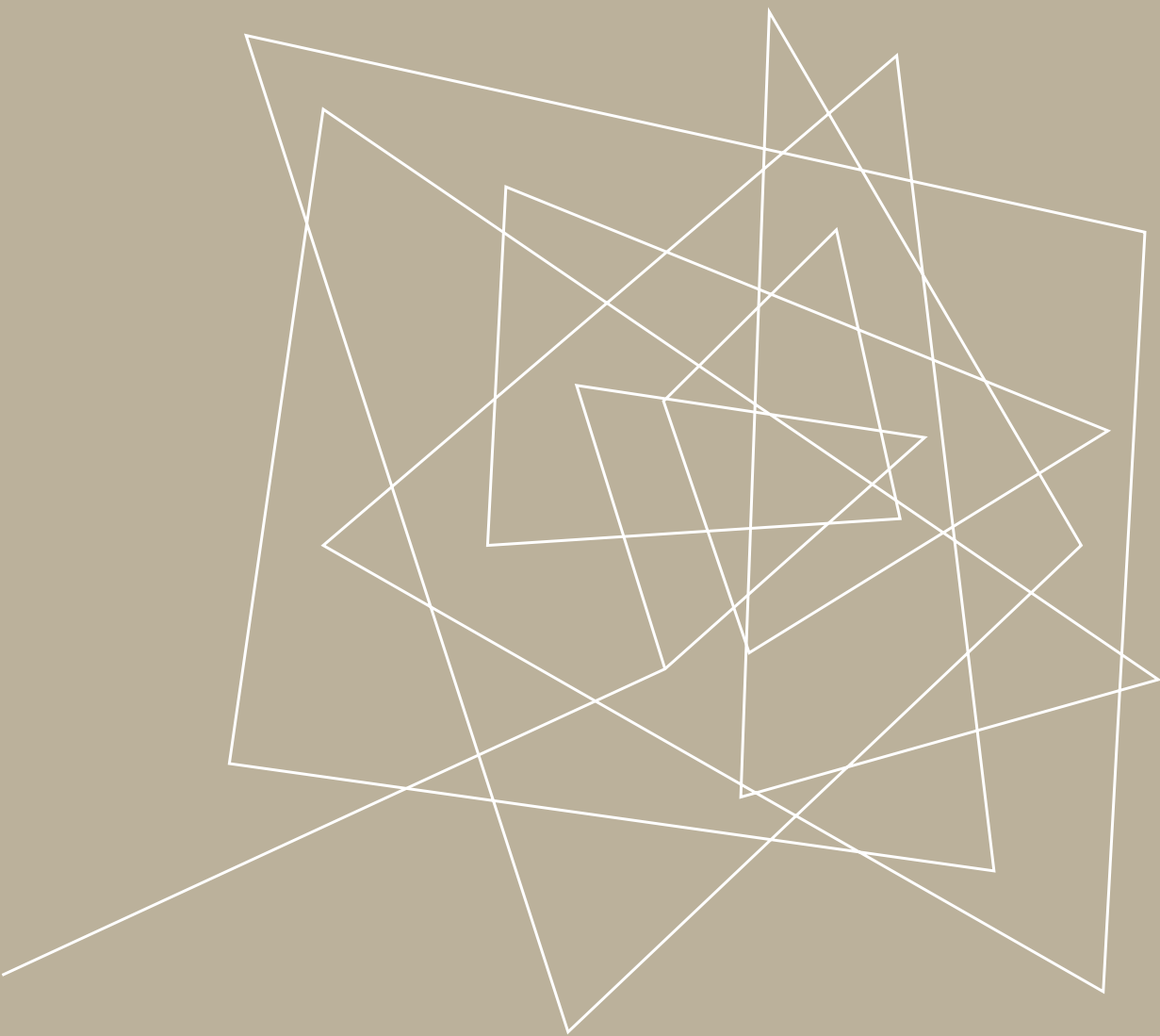


CHAPTER IV

RELATED PARTY TRANSACTIONS

Topic	Changes - RPT
Definition of Related Party	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 (Exempted).
	Acceptance of current account deposits or saving account deposits by banks in compliance with the directions issued by RBI from time to time (Exempted) 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 (Exempted)
Approval Mechanism	Remuneration/sitting fees paid to its director, KMP or senior management, except who is part of the promoter/ promoter group, may be exempted from the requirement of approval by the audit committee.

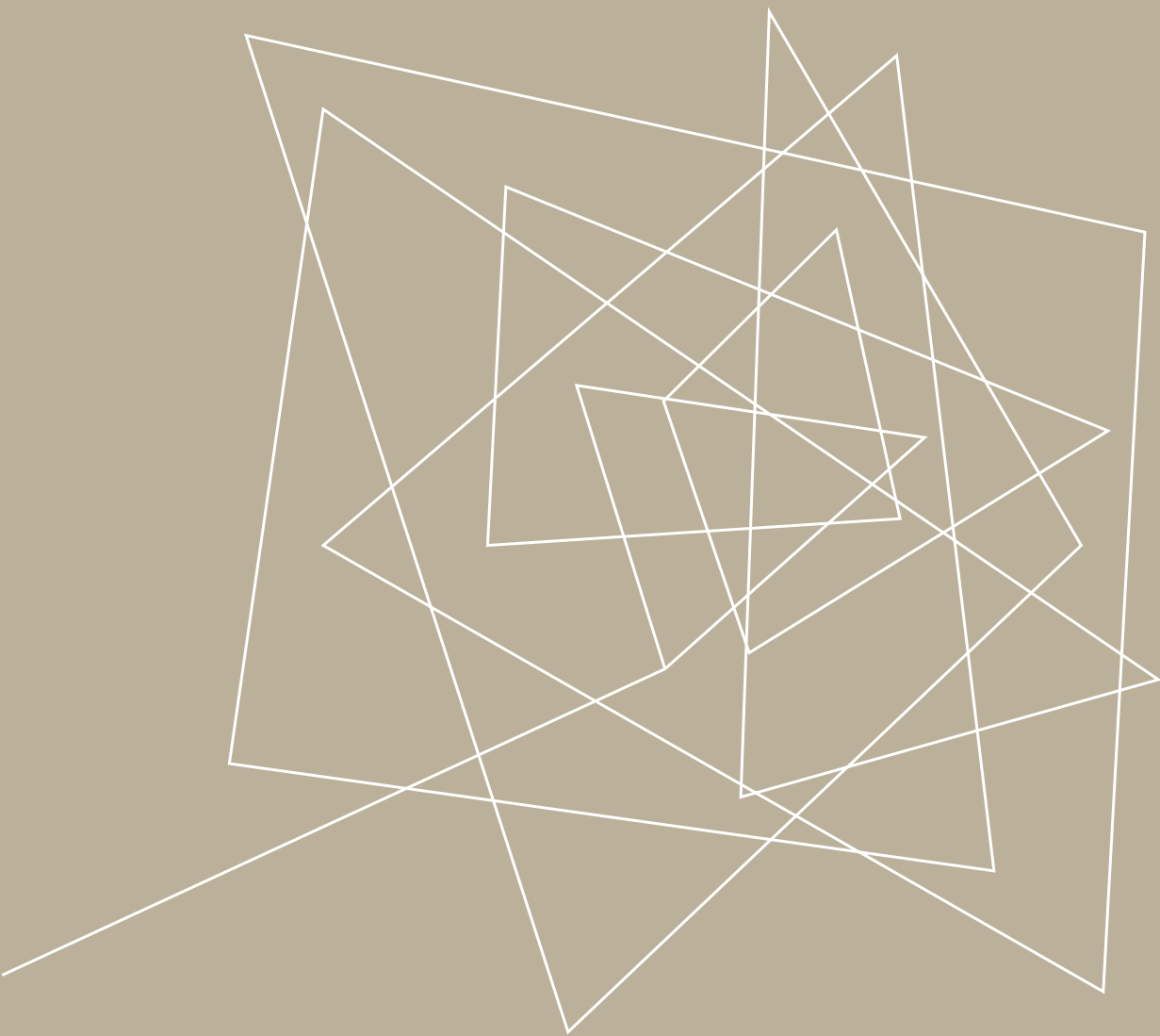
Topic	Changes-RPT
Ratification of Related Party Transactions	<p>The independent directors who are members of the audit committee of a listed entity may provide post-facto ratification to RPTs within 3 months from the date of the transaction or in the immediate next meeting of the audit committee – with some conditions:</p> <ul style="list-style-type: none"> • Value should not be more than 1 crore • Not a material RPT • Rationale for seeking ratification/inability to seek prior approval • Details of ratification to be disclosed to SE – Reg 23(9)
Omnibus Approval	<p>The provision of omnibus approval under Regulation 23(3) of LODR to be made applicable to RPTs by subsidiaries as well.</p>
Exemptions	<p>Transactions entered into between two PSU's</p> <p>Payment of statutory dues, fees or charges to the Central Government and/or any State Government</p>



CHAPTER V

DISCLOSURE OF MATERIAL EVENTS

Topic	Changes – Material Events
Timeline for Disclosure of Material Events	<p><u>Timelines for events decided at the Board Meeting:</u></p> <p>If BM closes after normal trading hours – within 3 hours of conclusion of BM</p> <p>If BM closes during normal trading hours – within 30 minutes of conclusion of BM</p> <p>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>
Disclosure of Acquisition	<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).</p>
Disclosure of imposition of penalty	<p>Fine imposed by Sectoral Regulator – Rs. 1 lac or more</p> <p>Fine imposed by any other authority – Rs. 10 lac or more</p>

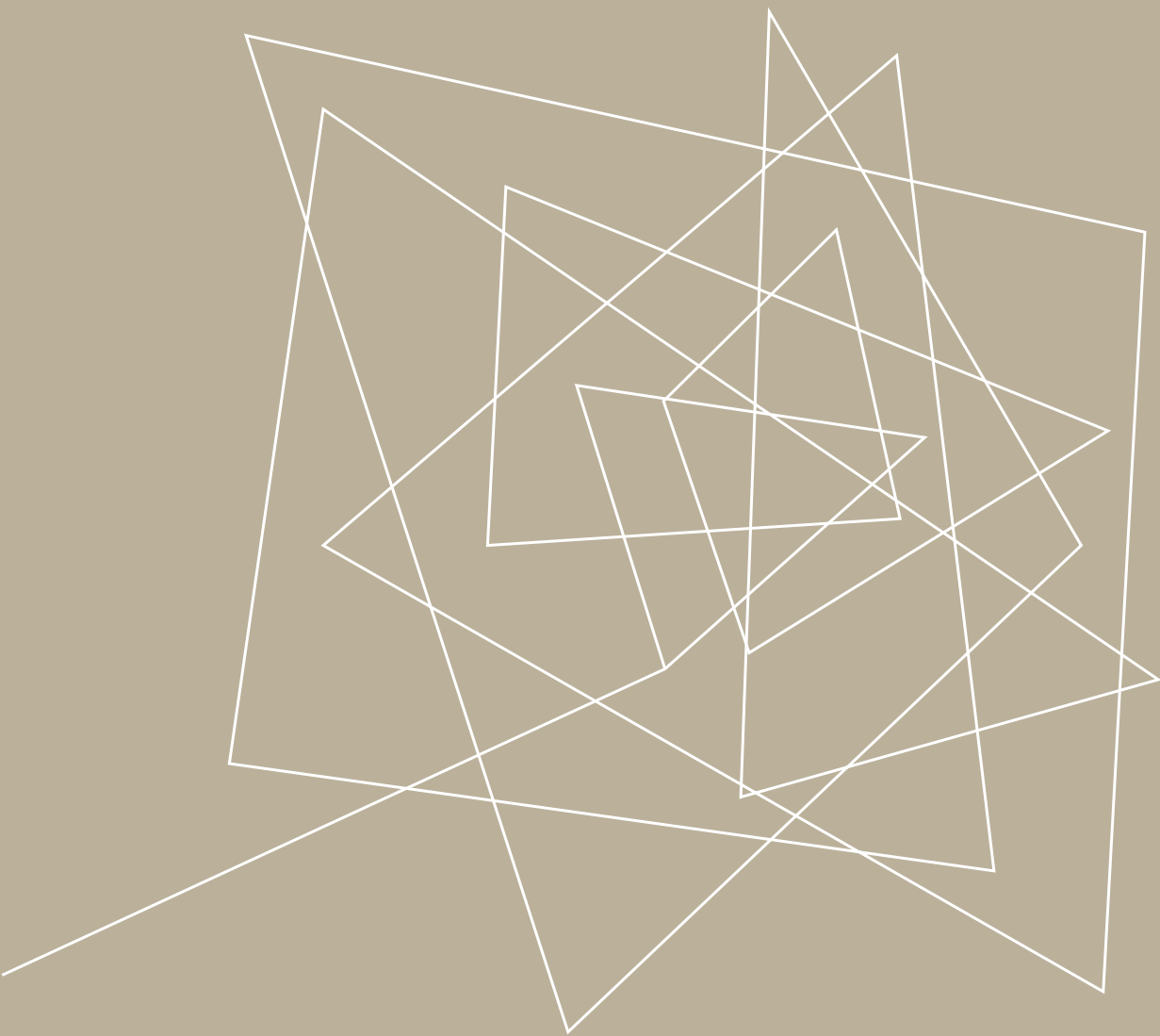


CHAPTER VI & VII

COMPLIANCE REQUIREMENTS & SHAREHOLDER PARTICIPATION

Topic	Changes
Record Date	<p>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>Minimum gap between two record dates to be reduced to 5 working days (from 30 days)</p>
Analyst/Investor Meet	<p>Disclosure of names in the schedule of analysts or institutional investors meet shall be <u>optional</u> for the listed entity</p> <p>Video recordings of post-earnings / quarterly calls may be uploaded <u>within 48</u> hours</p> <p>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>

Topic	Changes
Annual Report	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 .
Virtual Meetings	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).



CHAPTER VIII

STRENGTHENING OF CORPORATE GOVERNANCE



Top 2000 Listed Entities shall endeavor:

- ✓ 1 women Independent Director
- ✓ Constitute Risk Management Committee
- ✓ To have more than the mandatory annual meeting of IDs without the presence of non-IDs and the management.

Additional Information on Websites:

- ✓ Articles of Association
- ✓ Memorandum of Association
- ✓ Brief Profile of Board of Directors
- ✓ Employee Benefit related Scheme documents

Topic	Secretarial Auditors
Provisions	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
Term	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.
Approval	Approval of Shareholders required for appointment or removal of Secretarial Auditors
Cooling Off	5 years cooling off period incorporated

Disqualification – Secretarial Auditors

Body Corporate, Officer or employee of listed entity

Person or a firm whether directly or indirectly has business relationship with listed entity (exemption – in nature of professional services)

Person is a partner / in employment of an officer or employee of listed entity

Person whose relative is a director or is in employment of listed entity as director or KMP

Person holding security or interest in the listed entity/subsidiary/holding/associate of face value not exceeding Rs. 1 lac

Is a Secretarial Auditor of 15 or more than 15 companies

Person indebted to the listed entity/subsidiary/associate no exceeding Rs. 5 lac

Person who has been convicted for an offence involving fraud and period of 10 years has not elapsed

Services not to be rendered by the Secretarial Auditors

Shall not render the following services directly/indirectly to the listed entity/holding/subsidiary:

- Internal Audit
- design and implementation of any compliance management system, information system, policy framework, systems and processes for compliance
- Investment advisory services
- Investment banking services
- Rendering of outsourced compliance management, record keeping & maintenance
- Management services

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THANK YOU