

WELCOME

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Company Secretaries

(An ISO 9001 : 2015 Peer Review Certified CS firm)



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**Amendments in
SEBI – LODR
*effective
01.01.2022***



- SEBI vide The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 (“Listing Regulations”) made certain changes in the Listing Regulations and the same has become effective from 01.01.2022.
- Certain salient features of such changes are as follows :



Directors



Appointment :
Now, the appointment of a new Director need to be confirmed by the shareholders within a time period of three months from the date of appointment by the Board.

Independent Directors

Special Resolution for appointment of new Independent Director :

Now, like re-appointment and removal, shareholders' approval in the form of Special Resolution would also be needed in case of appointment of a new Independent Director.

Independent Directors

Vacancy to be filled up within three months :

Now, in case of requirement to fill any vacancy of Independent Director, the said need to be done within three months of the date of arising of such vacancy.

Independent Directors

Directors' & Officers Insurance:

Now, it is applicable to top 1000 companies instead of Top 500 companies by market capitalization. Further, it will be applicable w.e.f. 01.01.2022 instead of 01.10.2018.

Independent Directors



Cooling Period for Executive re-association :

Now, Independent Directors can not be appointed in executive capacity in the Board of the Company or its holding, subsidiary or associate company or on the Board of a company belonging to promoter group for a period of next one year from the date of his resignation from the independent director of the Company.

Independent Directors



New Pre-requisites :

Now, "Independent Director" means a non-executive director, other than a nominee director of the listed entity who, apart from receiving director's remuneration, *inter alia*, 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.



Independent Directors

Eligibility Criteria :

Eligibility criteria for Independent Directors have become more stringent now as the ambit of association of relatives of the Independent Directors with the Company, its holding, subsidiary or associate company or their promoters or directors have been widened making persons ineligible to act as Independent Directors.

Independent Directors.....

Independent Directors

Eligibility Criteria :

Now, the person will not be eligible to become Independent Directors if he/she or his/her relative(s) holds or has held the position of a KMP or has been an employee of not only the listed Company or its holding, subsidiary or associate Company, but also in any company belonging to the promoter group of the listed Company, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.

However, in case of relative, the restrictions apply only in case of holding the position of that of a KMP only.

Independent Directors

Resignation :

Now, the copy of the letter of resignation also need to be furnished to the stock exchanges alongwith the detailed reasons for the resignation of any independent directors.

Independent Directors



Resignation :

Now, alongwith the copy of the letter of resignation and the detailed reasons for the resignation of any independent director, names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any, also need to be furnished to the stock exchanges.

Nomination and Remuneration Committee (NRC)

Constitution :

Like Audit Committee, NRC committee should also comprise of, with at least two third independent directors.

Nomination & Remuneration Committee.....

Nomination and Remuneration Committee (NRC)



Role :

Role of NRC has been expanded. Now, for every appointment of an independent director, the 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 and recommend to the Board.



Related Party Transactions (RPT)



Approvals :

All related party transactions require prior approval of the Audit Committee.

Further, only independent directors in the Audit Committee will be involved in granting RPT approvals.

Information to Shareholders

Now, in case of director seeking appointment/ re-appointment in the AGM, alongwith the names of listed entities in which the person also holds the directorship and the membership of Committees of the board, names of the listed entities from which the person has resigned in the past three years; also need to be informed to the shareholders vide the Notice of the AGM.

Information to Shareholders

Now, in case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements; also need to be informed to the shareholders vide the Notice of the AGM.

*Thank
you*

