

# SEBI amends LODR Regulations

CG norms not applicable to REITs & InvITs | 'Senior Management' redefined | Shareholders' approval within 3 months applicable for re-appointment | Details of material subsidiaries to be disclosed in CG report

## CG norms under LODR omitted for REITs & InvITs

[reg. 15(1B) and (1C)] - w.e.f. 1<sup>st</sup> April, 2023

- Presently, REITs and InvITs which are HVDLEs\* required to comply with CG norms given under reg. 15-27 of LODR.
- Certain CG provisions may not be relevant.
- SEBI to come up with separate CG norms for REITs & InvITs.
- In order to avoid overlapping, CG norms of LODR will not be applicable to REITs & InvITs w.e.f. April 1, 2023.

\*REITs and InvITs which has listed debt securities of Rs. 500 crore and above.

## Shareholders' approval within 3 months required for re-appointment [reg. 17(1C)] - w.e.f. 18<sup>th</sup> January, 2023

- Existing provision for seeking shareholders' approval for appointment of directors within 3 months, also applicable in case of re-appointment. (*clarificatory in nature*)
- **Non-applicability to PSUs** - Seeking shareholders' approval within 3 months not applicable as separate process of appointment is given under their statutes.

## Disclosure of details of material subsidiaries in CG report

[Schedule V(C)(10)(n)] – Annual Report of FY 2022-23 and onwards

- SEBI's circular on [Resignation of statutory auditors from listed entities and their material subsidiaries](#) provides obligations of material subsidiaries in case of resignation of auditors.
- Details of material subsidiaries not disclosed in the Annual Report. Regulatory check of the circular becomes challenge.
- Now, listed entities to disclose details of material subsidiaries, including date and place of incorporation and name and date of appointment of statutory auditors.

## Amendment in the definition of 'senior management'

[reg. 16(1)(d)] - w.e.f. 18<sup>th</sup> January, 2023

- Definition of KMP under LODR and ICDR - not aligned
- KMP under ICDR – wider, includes senior management (including functional heads).
- Senior management under LODR does not include functional head.
- Now, definition of senior management under LODR includes 'functional heads'.

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