

## ***ICSI –WIRC & BSE LTD***

***Joint Seminar on “Recent Amendment in SEBI  
LODR and RPT” On Thursday, February 20, 2020***

# **ICSI-WIRC**

## **BACKGROUND**

### **ON**

## **LISTING COMPLIANCES FOR SPECIFIED SECURITIES**

## **(EQUITY SHARES OR SECURITIES CONVERTIBLE INTO EQUITY SHARES)**

**Contributed by CS Shailashri Bhaskar & CS A. Sekar**

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**Note:** - This Backgrounder is purely for “Joint Seminar on Recent Amendment in SEBI LODR and RPT” on Thursday, February 20, 2020.



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**INVESTORS' PROTECTION FUND**



## Program Schedule

Session Timings	Topic	Resource Person
01.00 PM to 02.00PM		<b>Registration</b>
02.00 PM to 03.15 PM	Inaugural Session	National Anthem and lighting of Lamp CS Rahul Sahasrabuddhe - Chairman, ICSI-WIRC Shri Ashish kumar Chauhan - MD & CEO, BSE Ltd. Ms. Barnali Mukherjee - CGM, SEBI
	Vote of Thanks	Shri Neeraj Kulshrestha Chief Regulatory Officer, BSE LTD
03.15 PM to 04.15 PM	Recent Amendment in SEBI LODR”	Shri TVVPS Chakravarti T - GM,SEBI CS Shailashri Bhaskar, - Practicing Company Secretary
04.15 PM to 04.45 PM		<i>Tea Break</i>
04.45 PM to 06.00 PM	<b>Panel Discussion on SEBI Discussion Paper on Related Party Transactions (RPT)</b>	Moderator - CS Geetika Anand CS Narayan Shankar, - Company Secretary - Mahindra & Mahindra Ltd.) CA M M Chitale, Practicing Chartered Accountant. CS Khushro Bulsara - CGM-Listing Compliance, BSE Limited



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## **Chapter 1 - Introduction**

Listing Agreement was introduced as a part of Section 21 of the Securities Contract Regulation Act, 1956 as per which every company which was desirous of listing its securities was required to enter into a listing agreement with the stock exchanges on which it was listing its securities.

The Listing Agreement had several clauses and it was mandatory for every listed entity to comply with these clauses. SEBI, since it got its statutory recognition in 1992 has been making several amendments to the listing agreement. Several new instruments have also been introduced since 1992 and the due to liberalization there were several changes in the capital market. This led to a situation where there were as many as 7 listing agreements, one for the equity on the main board, one for equity on the SME Exchange, one for debt securities, one for the units of mutual funds, one for Indian Depository Receipts to name a few. Further the listing agreement for debt securities and the equity listed on the SME Exchange had clauses which were notably absent in the listing agreement for equity listed on the Main Board. Many clauses in the listing agreement for equity shares on the Main Board were also redundant.

There was also a situation wherein the agreement was not signed by both the parties, the stock exchange and the company and further changes were made to the agreement by SEBI, which was not even a party to the agreement.

Although the stock exchanges were the administrators of the listing agreement, they did not have necessary powers to levy penalties and the only action available was to either suspend the securities or delist the shares which would only eventually affect the investor or shareholder.

SEBI therefore streamlined the process by notifying the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on September 02, 2015, hereinafter referred to as the Listing Regulations. The Regulations became effective from December 01, 2015. The Regulations are both principle based and rule based with the underlying principle is that in case there is an ambiguity between the principles and the regulations, the principles shall prevail.

The Regulations have further been divided into separate chapters , Chapter III dealing with common obligations which will be applicable to all companies irrespective of the type of security listed, Chapter IV applicable for those companies whose specified securities are listed, Chapter V would be applicable to those companies whose debt securities are alone listed ,Chapter VI for those companies whose debt and specified securities are listed, Chapter VII to those companies whose Indian Depository Receipts are listed, Chapter VIII for those companies whose Securitized Debt Instruments are listed, Chapter VIIIA to those companies whose Security Receipts are listed and Chapter IX to those Mutual Funds whose units are listed. SEBI has also recently issued guidelines for those companies which are desirous of listing their Commercial Papers.

The listing agreement is now reduced to a simple two-page document, to be signed by both the listed entity and the stock exchanges with a copy being kept by the company. SEBI has further empowered the stock exchanges to levy appropriate fines or penalties or take such other punitive action as

detailed in the Standard Operating Procedure notified by SEBI to the stock exchanges from time to time. SEBI has also retained the power to make necessary amendments to the Regulations and further initiate necessary action under Section 11B of the SEBI Act, 1992 on listed entities as and when deemed appropriate.

The Regulations have also been supplemented with circulars and other informal guidance given by SEBI from time to time.

This backgrounder will discuss the Listing Regulations as are applicable to those entities whose specified securities are listed.

A listed entity under the Listing Regulations would mean “an entity which has listed, on a recognised stock exchange(s), the designated securities issued by it or designated securities issued under schemes managed by it, in accordance with the listing agreement entered into between such an entity and the recognised stock exchange(s)”. Hence if any of the designated securities issued by an entity is listed on a recognised stock exchange, such a company would be called a listed entity.

A designated security has been defined under the Listing Regulations to mean, “specified securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, Indian depository receipts, securitised debt instruments, security receipts, units issued by mutual funds and any other securities as may be specified by SEBI”.

A recognized stock exchange is defined to mean a stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956. Currently there are three stock exchanges which have nation-wide trading terminals (viz., BSE, NSE and Metropolitan Stock Exchange), one regional exchange Calcutta Stock Exchange and two exchanges which are located at the GIFT city, Gandhinagar viz., India International Exchange and NSE IFSC Ltd. Hence any entity which lists any of its designated securities on these stock exchanges would be treated as a listed entity.

A specified security refers to ‘equity shares’ and ‘convertible securities’ as defined under Regulation 2(1) (eee) of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018. As per the ICDR Regulations, all equity shares and those securities which are convertible into equity shares shall be treated as a specified security. These securities can be listed either on the Main Board or the SME Exchange or the Institutional Trading Platform of a stock exchange.

Hence Chapter V of the Listing Regulations would be applicable to those entities which have listed either their equity shares or securities convertible into equity shares on a recognized stock exchange or exchanges. This chapter would be applicable irrespective of whether the specified securities are listed on the Main Board or the SME Exchange or the Institutional Trading Platform of the recognized stock exchange.

## **Chapter 2: Principles Governing Disclosures and Obligations of the Listed Entities**

The Listing Regulations are both principle based and rule based and Regulation 4 of the Regulations specifies the principles which have to be adopted by all the listed entities irrespective of the type of security listed. The principles have been categorized as under:

1. Principles governing disclosures , both periodic and event based; and
2. Principles regarding Corporate Governance.

### **1. Principles governing disclosures:**

These Principles have been drawn up in line with the OECD Principles adopted by the OECD nations, of which India is a participating nation in certain committees including the Corporate Governance Committee are as under:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor. SEBI in the matter of Celestial Biolabs Ltd has debarred the statutory auditor from accepting assignments related to the capital market for a period of 5 years for not exercising independent judgement while conducting the audit.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(d) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(f) Channels for disseminating information shall provide for equal, timely and cost-efficient access to relevant information by investors.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

In short, disclosures shall be made on a timely basis, must be accurate, adequate, contain all relevant information, made available on an equitable basis, shall use cost effective methods for dissemination, and shall abide by the accounting standards. The listed entity shall make disclosures under the securities laws and the various regulations, circulars and guidelines issued by SEBI / recognized stock exchanges from time to time and ensure that the information so disseminated periodically or on the occurrence of an event are continuously updated enabling an investor to track the performance of the listed entity over a period of time.

In the matter of Ritman Infra Limited and Kavit Industries Limited, the Whole Time Member of SEBI passed a Restrictive Order under Section 11B of the SEBI Act, 1992 on the company and its directors for failing to prepare its financial statements in accordance with the prescribed Accounting Standards.

## **2. Corporate Governance:**

The 6 OECD principles on Corporate Governance are adopted to a great extent in Regulation 4(2) which discuss the principles for Corporate Governance to be followed by those entities to whom the provisions of corporate governance as contained in Regulation 17 to 27 of the Listing Regulations are applicable.

It therefore follows by interpretation that the following principles shall not be applicable to those entities which are listed on the SME Exchange or those to whom Regulations 17 to 27 are not applicable since such entities do not meet the threshold limits of paid up capital and networth.

**(a) The rights of shareholders:** The listed entity shall seek to protect and facilitate the exercise of the following rights of shareholders:

- (i) right to participate in, and to be sufficiently informed of, decisions concerning fundamental corporate changes. – *Ensured by e-voting.*
- (ii) opportunity to participate effectively and vote in general shareholder meetings. – *Ensured by e-voting*
- (iii) being informed of the rules, including voting procedures that govern general shareholder meetings. – *Ensured by including the necessary procedures in the notice sent to the shareholders of the company for the AGM / EGM.*
- (iv) opportunity to ask questions to the board of directors, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.
- (v) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of members of board of directors.
- (vi) exercise of ownership rights by all shareholders, including institutional investors. – *The right to vote on all matters*
- (vii) adequate mechanism to address the grievances of the shareholders. – *Compulsory registration of the listed entities on the SCORES website and resolve grievances without any delay.*
- (viii) protection of minority shareholders from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and effective means of redress. – voting on related party transactions only by shareholders who are not part of the promoter / promoter group.

**(b) Timely information:** The listed entity shall provide adequate and timely information to shareholders, including but not limited to the following:

- (i) sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be discussed at the meeting. – *Despatch of notice for AGM / EGM 21 clear days before the meeting.*
- (ii) Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership. – *disclosure to the stock exchange by persons who acquire control or become substantial shareholders of the listed entity*
- (iii) rights attached to all series and classes of shares, which shall be disclosed to investors before they acquire shares. – *Normally all equity shares carry uniform rights.*

(c) **Equitable treatment:** The listed entity shall ensure equitable treatment of all shareholders, including minority and foreign shareholders, in the following manner:

- (i) All shareholders of the same series of a class shall be treated equally.
- (ii) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of members of board of directors, shall be facilitated.
- (iii) Exercise of voting rights by foreign shareholders shall be facilitated. – *E-voting facility provided to all the shareholders*
- (iv) The listed entity shall devise a framework to avoid insider trading and abusive self-dealing. – *All listed entities to adopt a model code of conduct which shall be approved by the Board of Directors of the entity. All designated persons to abide by this model code of conduct*
- (v) Processes and procedures for general shareholder meetings shall allow for equitable treatment of all shareholders.
- (vi) Procedures of listed entity shall not make it unduly difficult or expensive to cast votes. – *A very simple procedure where shareholders can cast their vote using the electronic voting facility*

(d) **Role of stakeholders in corporate governance:** The listed entity shall recognise the rights of its stakeholders and encourage co-operation between listed entity and the stakeholders, in the following manner:

- (i) The listed entity shall respect the rights of stakeholders that are established by law or through mutual agreements.
- (ii) Stakeholders shall have the opportunity to obtain effective redress for violation of their rights.
- (iii) Stakeholders shall have access to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in corporate governance process.
- (iv) The listed entity shall devise an effective whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. – *Vigil Mechanism policy a must for all listed entities which shall be hosted on the website of the company and further the complainant shall also have direct access to the chairman of the Audit Committee. Further the identity of the complainant shall also be kept confidential and shall also not be victimized.*

(e) **Disclosure and transparency:** The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:

- (i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.
- (ii) Channels for disseminating information shall provide for equal, timely and cost- efficient access to relevant information by users.

(iii) Minutes of the meeting shall be maintained explicitly recording dissenting opinions, if any.

**(f) Responsibilities of the board of directors:** The board of directors of the listed entity shall have the following responsibilities:

(i) Disclosure of information:

(1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity. – *To be done by all the directors in the first board meeting of the financial year.*

(2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors-

(1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.

(3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.

(4) Aligning key managerial personnel and remuneration of board of directors with the longer-term interests of the listed entity and its shareholders.

(5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

(8) Overseeing the process of disclosure and communications.

(9) Monitoring and reviewing board of director's evaluation framework.

*Schedule II of the Listing Regulations specifies the minimum information that shall be placed before each meeting of the Board which will enable the Board of Directors to discharge the functions enumerated above. Further Regulation 17 also discusses the role of the Board of Directors while discussing and deciding important issues.*

(iii) Other responsibilities:

(1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.

- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date. – *Familiarization programme shall be imparted to the independent directors continuously by the listed entity.*
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest. – *The Regulations mandate the constitution of the Board of Directors in such a manner that there is a perfect balance of both executive and non-executive directors*
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- (10) The board of directors shall have ability to ‘step back’ to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity’s focus.
- (11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors. – *The statutory committees are discussed in the Regulations, their role is specified in Schedule II and the listed entity is given the freedom to expand the scope if required.*
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information. – *It is mandated that the notice and agenda papers is circulated to the members of the Board at least 7 days in advance of the Board Meeting so that the members can be well prepared and participate effectively in the discussions. Further the independent directors of the entity are required to review the quality of the agenda papers and further confirm if the notice and agenda are being received on time.*
- (14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

Regulation 4(3) further states that where there is any ambiguity or incongruity between the principles and relevant regulations, the principles specified in Chapter II of the Listing Regulations shall prevail. The Whole Time Member in the matters of Celestial Biolabs Ltd passed necessary orders against the company and its board of directors, citing the fact that the underlying principles as specified in Regulation 4 / Chapter II were not followed although the regulations have been followed.

### **Chapter 3 – Common Obligations (of all listed entities)**

Chapter III of the Listing Regulations which include Regulations 5 to 14 are applicable to all listed entities irrespective of the type of security that is listed. The common obligations are as under:

## **1. Obligation of Compliance [Regulation 5]**

*The listed entity shall ensure that key managerial personnel, directors, promoters or any other person dealing with the listed entity, complies with responsibilities or obligations, if any, assigned to them under these regulations*

As per Regulation 5, it shall be the duty of the listed entity to ensure that its key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013, its directors, promoters and all persons who deal with the listed entity shall comply with the responsibilities or obligations which are assigned to them under the Listing Regulations. In other words, a statutory auditor who does not carry out the audit with diligence or a secretarial auditor who does not carry out the secretarial audit under Regulation 24 with utmost care, diligence and independent judgement shall be liable to be penalized under Regulation 5 of the Listing Regulations.

## **2. Compliance Officer [Regulation 6]**

*(1) A listed entity shall appoint a qualified company secretary as the compliance officer.*

*(2) The compliance officer of the listed entity shall be responsible for-*

*(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.*

*(b) co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.*

*(c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations.*

*(d) monitoring email address of grievance redressal division as designated by the listed entity for the purpose of registering complaints by investors*

It shall be the obligation of the listed entity to appoint a qualified company secretary as its compliance officer. It is sufficient if the compliance officer is a qualified company secretary and the company secretary of the company need not be the compliance officer. The Compliance Officer shall be responsible for ensuring that the listed entity complies with the regulatory provisions and ensure that correct procedures are followed so that all disclosures made by the listed entity under the Listing Regulations are correct, authentic and comprehensive with no misstatements or suppression of fact. The Compliance Officer shall be responsible for coordinating with SEBI, the recognized stock exchanges, depositories and shall ensure that the listed entity complies with the various rules, regulations and circulars issued by these entities from time to time. The Compliance Officer is also responsible to ensure that the email id of the investor grievance division which is designated to receive investor complaints is active and accessible at all times.

Failure to appoint a Compliance Officer attracts a fine under the SEBI Circular No: SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 and the stock exchanges are authorized to levy a fine of Rs.1,000 per day of non-compliance. This fine is leviable irrespective of any other

action taken by the stock exchange or SEBI. In the matter of Ritman Infra, a restrain Order was passed by the Whole Time Member for non-appointment of Company Secretary in Section.

SEBI has also been levying penalties on the Compliance Officer for non-compliance with the provisions of the Listing Regulations, as in the matter of Suzlon Energy, the compliance officer was fined Rs.5,00,000 for non-disclosure.

### **3. Share Transfer Agent [Regulation 7]**

*(1) The listed entity shall appoint a share transfer agent or manage the share transfer facility in-house:*

*Provided that, in the case of in-house share transfer facility, as and when the total number of holders of securities of the listed entity exceeds one lakh, the listed entity shall either register with the Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered with the Board.*

*(2) The listed entity shall ensure that all activities in relation to share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.*

*(3) The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent, wherever applicable, within one month of end of each half of the financial year, certifying compliance with the requirements of sub-regulation (2).*

*(4) In case of any change or appointment of a new share transfer agent, the listed entity shall enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time:*

*Provided that in case the existing share transfer facility is managed in-house, the agreement referred above shall be entered into between the listed entity and the new share transfer agent.*

*(5) The listed entity shall intimate such appointment, referred to in sub-regulation (4), to the stock exchange(s) within seven days of entering into the agreement.*

*(6) The agreement referred to in sub-regulation (4) shall be placed in the subsequent meeting of the board of directors.*

Every listed entity is under an obligation to appoint a share transfer agent who is registered as a category I or Category II Transfer Agent with SEBI. The entity however has the option to manage the share transfers in-house provided that in case the number of registered security holders exceeds 1,00,000 in number, such an in-house share transfer facility shall get itself registered with SEBI as a Category II share transfer agent or appoint a registered Registrar and Share Transfer Agent as its Share Transfer Agent. Failure to appoint a share transfer agent shall attract a penalty of Rs.1, 000 per day the default continues.

As per Regulation 7(3) every listed entity is under an obligation to submit to the stock exchanges by April 30 and October 30 every year a compliance certificate stating that share transfers are either being managed in-house or being managed by a registered share transfer agent. The certificate shall

be signed by the Compliance Officer of the entity in case the transfer facility is being managed in house and by both the Compliance Officer of the entity and the Share Transfer Agent in case the share transfers are being managed by a SEBI registered intermediary.

The Regulation also lays down the procedure to be followed in case of a change in Registrar and Share Transfer Agent. The company shall enter into a tri-partite agreement with the old Registrar and the new Registrar. The change in the Registrar shall be intimated to the stock exchange within 7 days of the appointment and the copy of the agreement shall be placed in the meeting of the Board of Directors following the change. This provision will also apply where the company which has been managing its share transfers in-house decides to appoint a SEBI registered share transfer agent, in which case the agreement shall be entered into only between the company and the share transfer agent.

#### **4. Co-operation with intermediaries registered with the Board. [Regulation 8]**

*The listed entity, wherever applicable, shall co-operate with and submit correct and adequate information to the intermediaries registered with the Board such as credit rating agencies, registrar to an issue and share transfer agents, debenture trustees etc., within timelines and procedures specified under the Act, regulations and circulars issued there under.*

It shall be the duty of the listed entity to co-operate with all the intermediaries registered with SEBI and submit all correct and adequate information to them without any delay and in accordance with the procedures laid down in the SEBI Act, the respective regulations and circulars issued under the Act. The intermediaries that a listed entity would normally interact with are credit rating agencies, debenture trustees and registrar and share transfer agents. Failure to co-operate could attract penalties.

#### **5. Preservation of documents [Regulation 9]**

*The listed entity shall have a policy for preservation of documents, approved by its board of directors, classifying them in at least two categories as follows-*

*(a) documents whose preservation shall be permanent in nature;*

*(b) documents with preservation period of not less than eight years after completion of the relevant transactions:*

*Provided that the listed entity may keep documents specified in clauses (a) and (b) in electronic mode.*

It shall be the obligation of the listed entity to have a preservation of document policy, which shall be approved by its Board of Directors. The policy shall classify the documents into those which have to be preserved permanently and those which have to be preserved for a period of at least 8 years from the date of completion of the relevant transaction to which the document pertains. The documents that shall be preserved shall generally be under the securities laws, which shall be the SEBI Act, 1992 with the various regulations issued thereunder, the Securities Contract Regulation Act, 1956 read with the Rules, the Depositories Act, 1996 and the Companies Act, 2013. However, as a good governance practice the company can identify the documents that are to be preserved under the other laws applicable to it and classify them into those which have to be preserved permanently and those which need to be preserved for a lesser period of time.

The Regulation further gives the entity the option to preserve the documents in the electronic mode and in case the company was to preserve the documents in the electronic mode, it shall also adopt an archival policy.

#### **6. Filing of information [Regulation 10]**

*(1) The listed entity shall file the reports, statements, documents, filings and any other information with the recognised stock exchange(s) on the electronic platform as specified by the Board or the recognised stock exchange(s).*

*(2) The listed entity shall put in place infrastructure as required for compliance with sub-regulation (1).*

The listed entity is under an obligation to file all the reports, statements, documents and other information under the Listing Regulations only electronically with the stock exchanges in the manner specified by SEBI or by the stock exchange. Both BSE and NSE have their own platforms and listed entities are required to upload the information in the .xbrl format to these exchanges.

It shall also be the responsibility of the listed entity to put in place necessary infrastructure so that the information can be filed electronically.

#### **7. Scheme of Arrangement [Regulation 11]**

*The listed entity shall ensure that any scheme of arrangement /amalgamation/ merger / reconstruction /reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the stock exchange(s):*

Every listed entity shall ensure that any scheme of arrangement or amalgamation or merger or reconstruction or reduction of capital presented to the Tribunal is not in violation of any of the provisions of the SEBI Act, 1992 with the various regulations issued thereunder, the Securities Contract Regulation Act, 1956 read with the Rules, the Depositories Act, 1996 and the Companies Act, 2013.

#### **8. Payment of dividend or interest or redemption or repayment [Regulation 12]**

*The listed entity shall use any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I, for the payment of the following:*

*(a) dividends;*

*(b) interest;*

*(c) redemption or repayment amounts:*

*Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued:*

*Provided further that where the amount payable as dividend exceeds one thousand and five hundred rupees, the 'payable-at-par' warrants or cheques shall be sent by speed post*

The listed entity shall use electronic clearing services or Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT) either directly or through the depositories or through their Registrar to an Issue and/or Share Transfer Agent for making payment of dividend/interest on securities issued/redemption or repayment amount. The listed entity or its share transfer agent must

maintain bank details of its investors for all its investors who hold securities in the dematerialized mode. The listed entity or the share transfer agent shall update the information regarding the bank details of those investors who hold shares in the physical form by obtaining such information from the investors.

In case it is not possible to make payment using the electronic mode “payable-at-par’ warrants or cheques may be. In case the amount payable as dividend exceeds Rs.1,500, the listed entity shall send such ‘payable-at-par’ warrants/ cheques only by speed post to its shareholders. Schedule I of the Listing Regulations mandates that the listed entity shall compulsorily print the bank account details of the investors on such payment instruments and in cases where the bank details of investors are not available, the listed entity shall mandatorily print the address of the investor on such payment instructions.

### **9. Grievance Redressal Mechanism [Regulation 13]**

*(1) The listed entity shall ensure that adequate steps are taken for expeditious redressal of investor complaints.*

*(2) The listed entity shall ensure that it is registered on the SCORES platform or such other electronic platform or system of the Board as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by the Board.*

*(3) The listed entity shall file with the recognised stock exchange(s) on a quarterly basis, within twenty-one days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter.*

*(4) The statement as specified in sub-regulation (3) shall be placed, on quarterly basis, before the board of directors of the listed entity.*

Regulation 13 stipulates that it shall be the obligation of the listed entity to register itself on SCORES platform of SEBI. Further the entity shall ensure that all investor complaints are redressed without any delay. Failure on the part of the company to redress investor complaints speedily attracts a penalty of Rs.1,000 per day.

Regulation 13(3) also requires the entity to file with the stock exchange within April 21, July 21, October 21 and January 21 a statement giving the total number of complaints pending at the beginning of every quarter, the complaints received during the quarter, resolved during the quarter and pending at the end of the quarter. Failure to file this statement would attract a penalty of Rs.1,000 per day of default.

The entity shall further place the statement of investor complaints as a separate item at the meeting of the board of directors.

**10. Fees and other charges to be paid to the recognized stock exchange(s) [Regulation 14]**

*The listed entity shall pay all such fees or charges, as applicable, to the 17recognized stock exchange(s), in the manner specified by the Board or the 17recognized stock exchange(s).*

As per Regulation 14, the listed entity shall pay listing fees and fees to the depositories without any delay.

## Chapter 4 – OBLIGATIONS (OF LISTED ENTITY WHICH HAS LISTED ITS SPECIFIED SECURITIES)

### 1. Applicability [Regulation 15]

- (1) The provisions of this chapter shall apply to a listed entity which has listed its specified securities on any recognised stock exchange(s) either on the main board or on SME Exchange or on institutional trading platform:
- (2) The compliance with the corporate governance provisions as specified in regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of -
- (a) the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year: Provided that where the provisions of the regulations specified in this regulation becomes applicable to a listed entity at a later date, such listed entity shall comply with the requirements those regulations within six months from the date on which the provisions became applicable to the listed entity.
- (b) the listed entity which has listed its specified securities on the SME Exchange: Provided that for other listed entities which are not companies, but body corporate or are subject to regulations under other statutes, the provisions of corporate governance provisions as specified in regulation 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall apply to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.
- (2A) The provisions as specified in regulation 17 shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency Code: Provided that the role and responsibilities of the board of directors as specified under regulation 17 shall be fulfilled by the interim resolution professional or resolution professional in accordance with sections 17 and 23 of the Insolvency Code.
- (2B) The provisions as specified in regulations 18, 19, 20 and 21 shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency Code: Provided that the roles and responsibilities of the committees specified in the respective regulations shall be fulfilled by the interim resolution professional or resolution professional.
- (3) Notwithstanding sub-regulation (2) above, the provisions of Companies Act, 2013 shall continue to apply, wherever applicable.

The provisions of Chapter IV of the Listing Regulations, (Regulation 15 to Regulation 48) shall be applicable to all those entities whose equity shares and securities convertible into equity shares are listed on the Main Board of the stock exchange or the SME Exchange or on the institutional trading platform.

However, the provisions with regard to corporate governance contained in Regulation 17 to 27 shall not be applicable to those entities which are listed on the SME Exchange and to those entities whose paid up capital is less than Rs.10 crores and net worth is less than Rs.25 crores. It is clarified here that if the entity meets even one of the criteria, i.e. either the net worth is more than Rs.25 crores or the paid-up capital is more than Rs.10 crores, the provisions of Regulation 17 to 27 will continue to apply.

The Regulation also stipulates that even if the provisions of Regulation 17 to 27 may not be applicable to certain entities, the provisions of Companies Act, 2013 in so far as they related to corporate governance will continue to apply. One classic example is of the appointment of woman director – although the provisions contained in the Listing Regulations with regard to the appointment of woman director may not be applicable to a particular entity, the entity would still have to comply with this requirement as the Companies Act, 2013 makes it mandatory for all listed entities to have at least one woman director.

The Listing Regulations further stipulate that the provisions regarding the constitution, meeting and other requirements of the Board of Directors, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee shall not be applicable to those entities which are undergoing corporate insolvency resolution under the Insolvency Code. These responsibilities shall be carried out by the interim resolution professional or resolution professional as the case may be. Although the provisions as contained in the Listing Regulations shall not be applicable, the provisions of the Companies Act, 2013 in so far as they are applicable to these entities shall be complied with.

## **2. Control : [Regulation 16(1)(a)]**

*"control" shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;*

Control shall have the same meaning as defined under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as per which control includes the right to appoint majority of the directors or to control the management decisions or policy decisions either acting individually or in concert with others, directly or indirectly by virtue of the shareholding of such a person, or by virtue of their management rights or by virtue of shareholding agreements or voting agreements or in any other manner.

## **3. Independent Director: [Regulation 16(1)(b)]**

An independent director for the purpose of Chapter IV of the Listing Regulations has been defined as:

*"independent director" means a non-executive director, other than a nominee director of the listed entity:*

*(i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;*

*(ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;*

*(iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;*

*(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 two immediately preceding financial years or during the current financial year;*

*(v) none of whose relatives 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;*

*(vi) who, neither himself, 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 in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;*

*(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;*

*(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or*

*(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;*

*(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;*

*(vii) who is not less than 21 years of age.*

*(vii) 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:*

Regulation 16(1)(b) of the Listing Regulations, while defining an independent director has retained the definition of an independent director as defined under Section 149 of the Companies Act, 2013 to a large extent but with the following differences:

- a. The Board of Directors should opine that the person to be appointed as an independent director is a person of integrity and possesses the necessary experience and expertise.
- b. While Companies Act, 2013 only specifies that the person is not or was not a promoter, the Listing Regulations insist that the person shall **also not be a part of the promoter group** of the listed entity or that of its holding or subsidiary company. Promoter group shall be as defined under the SEBI (ICDR) Regulations, 2018 as per which Promoter Group is as defined as:
  - i. *the promoter;*
  - ii. *an immediate relative of the promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and*
  - iii. *in case promoter is a body corporate:*
    - a. *a subsidiary or holding company of such body corporate*
    - b. *anybody corporate in which the promoter holds twenty per cent or more of the equity share capital; and/or any body corporate which holds twenty per cent or more of the equity share capital of the promoter;*
    - c. *any body corporate in which a group of individuals or companies or combinations thereof acting in concert, which hold twenty per cent or more of the*

*equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds twenty per cent or more of the equity share capital of the issuer and are also acting in concert; and*

*iv. in case the promoter is an individual:*

*a. any body corporate in which twenty per cent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;*

*b. any body corporate in which a body corporate as provided in (a) above holds twenty per cent or more, of the equity share capital; and*

*c. any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent of the total capital;*

*v. all persons whose shareholding is aggregated under the heading "shareholding of the promoter group.*

- c. Section 149(6)(c) of the Companies Act, 2013 states that an independent director shall not have any pecuniary relationship, while the Listing Regulations requires an independent director shall not have any material pecuniary relationship with the company. Since the provision under the Companies Act is stricter, an independent director shall not have any pecuniary relationship with the listed entity, its holding company, subsidiary company, associate company or its promoters or directors during the two immediate financial years or in the current financial year. Pecuniary means financial transactions or transactions related to money as per MCA circular No: 14/2014 which further states that the person in order to be an independent director shall not have any transaction which exceeds 10% of his total income with the listed entity.
- d. The Listing Regulations further stipulate that none of the relatives of the person sought to be appointed as the independent director shall have any pecuniary relationship or transaction with the listed entity, its promoters, directors, holding company, subsidiary company or associate which will either amount to 2% or more of the gross turnover or total income of the listed entity or Rs.50,00,000 whichever is lower. Section 149(6)(d)(iv) of the Companies Act 2013 does not specify the limit of Rs.50,00,000 and only discusses 2% of the gross turnover or total income. In case any of the relatives of the person sought to be appointed as an independent director has a relationship with the listed entity or its holding company or its subsidiary or its associate and 2% of the total income of the listed entity is more than Rs.50,00,000 the limit of Rs.50,00,000, being the stricter will apply.
- e. The Listing Regulations stipulate that a person to qualify as an independent director shall not be a material supplier, service provider or customer or a lessor or lessee of the listed entity, which is not included in the Companies Act, 2013.
- f. The Regulations have also added an age criteria by stating that the person to be appointed as an independent director shall be at least 21 years of age.
- g. The Regulations also states that in order to qualify as an independent director, such a person shall not be a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director. For example, if Mr. A is an independent director of a listed entity in which Mr. B is a promoter director and Mr. B in turn is an independent director of another company (notlisted) in which Mr. A is a promoter

director, Mr. B loses his eligibility to be an independent director of the listed entity. SEBI has clarified this position in the informal guidance given to Sundaram Finance Limited.

### **3. Material Subsidiary [Regulation 16(1)(c)]**

Material Subsidiary for the purpose of Chapter IV of the Listing Regulations has been defined as:

*“material subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

*Explanation. - The listed entity shall formulate a policy for determining ‘material’ subsidiary.*

Every listed entity is required to formulate a policy for determining its material subsidiaries and as per the Regulations, every subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively in the immediately preceding accounting year shall be considered as a material subsidiary. Hence all the provisions of the Regulations, which are applicable to a material subsidiary will be applicable and have to be complied with by the listed entity as if it were applicable to it.

### **4. Senior Management [Regulation 16(1)(d)]**

Senior Management for the purpose of Chapter IV of the Listing Regulations has been defined as:

*“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.”*

The definition of Senior Management has been amended with effect from April 01, 2019 and shall now include all officers and personnel of the listed entity who comprise of the Core Management Team. This shall exclude the Board of Directors of the Company and will definitely include those officers who are one level below the Managing Director / Chief Executive Officer / Whole Time Director / Manager. Senior Management will include the Chief Executive Officer or Manager, in case they are not part of the Board of Directors. Further the amendment has specifically included the Company Secretary and the Chief Financial Officer (CFO) as part of the Senior Management. Hence the senior management shall comply with the requirements of the Regulations wherever applicable.

### **5. Provisions relating to Board of Directors[Regulation 17]**

#### **a. Composition**

*17. (1) The composition of board of directors of the listed entity shall be as follows:*

*(a) board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent. of the board of directors shall comprise of non-executive directors;*

*Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020;*

*Explanation: The top 500 and 1000 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.*

*(b) where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:*

*Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.*

*Explanation. - For the purpose of this clause, the expression "related to any promoter" shall have the following meaning:*

*(i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;*

*(ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.*

*(c) The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.*

*Explanation: The top 1000 and 2000 entities shall be determined on the basis of market capitalisation as at the end of the immediate previous financial year.*

*(d) where the listed company has outstanding SR equity shares, at least half of the board of directors shall comprise of independent directors.*

Regulation 17 (1) discusses the provisions pertaining to the composition of the board of directors of a company. The Board shall have an optimum combination of executive and non-executive director with at least one woman director and 50% non-executive directors. However for those entities which are in the top 500 entities by market capitalization as at the end of the March 31, (previous financial year) such companies shall have at least one woman independent director on their board from April 01, 2019 and those entities which are in the top 1000 entities by market capitalization as at the end of March 31, (end of previous financial year) shall have at least one woman independent director on their board with effect from April 01, 2020.

In case the Chairperson of the Board of Directors is non-executive 1/3<sup>rd</sup> of the Board of Directors shall comprise of independent directors and in case the Chairperson is executive, 1/2 of the Board of Directors shall comprise of independent directors. However, if the non-executive Chairperson is related to the promoter or to any senior management person in the Board of Directors or one level below the Board of Directors, 50% of the Board of Directors shall comprise of independent directors. In case the promoter is a listed entity, all its directors, (except independent directors) its employees

and its nominees shall be deemed to be related to the promoter. In case the promoter is an unlisted entity, all its directors, its employees and nominees shall be deemed to be related to it. Further in case a listed entity has outstanding equity shares which have superior voting rights, at least 50% of the board of directors of such an entity shall be independent directors.

In case an entity does not comply with the stipulated requirement with regard to the composition of the Board of Directors, such an entity would be subject to a fine of Rs.5,000 per day the default continues.

The Regulation further stipulates that the board of directors of top 1000 companies and top 2000 companies determined as per market capitalization as at end of March 31 (immediately preceding financial year) shall have at least 6 directors.

## **6. Appointment of non-executive director beyond the age of 75**

*(1A) No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.*

In case a listed entity is desirous of appointing any non-executive director after such a director has attained the age of 75, such an entity may do so only after obtaining the approval of the shareholders by way of a special resolution. The explanatory statement that is annexed to the notice which is considering this item shall also expressly contain a justification for appointing / continuing such a person as a non-executive director of the entity.

In case an entity continues to appoint a non-executive director beyond the age of 75 without the approval of the shareholders by way of a special resolution, a fine of Rs.2,000 per day the default continues would be imposed on the entity.

### **a. Separation of Managing Director and Chairman**

*(1B). With effect from April 1, 2022, the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall -*

*(a) be a non-executive director;*

*(b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013:*

*Provided that this sub-regulation shall not be applicable to the listed entities which do not have any identifiable promoters as per the shareholding pattern filed with stock exchanges.*

*Explanation - The top 500 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.*

The top 500 listed entities determined by market capitalization as the end of March 31 (previous financial year), shall with effect from April 01, 2022 ensure that their Chairperson is a non-executive director and further is not related to the Management Director or the Chief Executive Officer of the Company. The Regulations further stipulate that the Chairman and Managing Director / Chief Executive Officer shall be related as a "Relative", as defined under the Companies Act, 2013. As per Companies Act, 2013 relative is defined as members of a Hindu undivided family, husband and wife or the one is related to the other as father( including step-father), mother (including step-mother), son

(including step-son), son's wife, daughter, (daughter's husband), brother (including step-brothers) and sister( including step-sisters). A listed entity which does not have any identifiable promoter as per their shareholding pattern filed with the stock exchanges need not comply with this provision.

**b. Meeting of the Board of Directors**

*(2) The board of directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.*

*Explanation I – For removal of doubts, it is clarified that the participation of the directors by video conferencing or by other audio-visual means shall also be counted for the purposes of such quorum.*

*Explanation II - The top 1000 and 2000 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.*

The listing regulations stipulate that the board of directors of the entity shall meet atleast 4 times in a year. The gap between two meetings shall also not be more than 120 days. Failure to have at least 4 meetings in a year will attract a penalty of Rs.10,000 per instance of non-compliance.

Quorum for such board meetings has been specified for the top 1000 and 2000 companies by market capitalization with effect from 01.04.2019 and 01.04.2020 respectively. The specified quorum is 1/3<sup>rd</sup> of the total strength of the board or 3 directors whichever is higher and it shall be ensured that at least one independent director is present. A director may also participate in a meeting by way of video conferencing and participation in this manner will be counted for the purpose of quorum. Failure to have a quorum during the board meeting will attract a penalty of Rs.10,000 per instance of non-compliance.

**c. Role and responsibilities of the Board of Directors**

*(3) The board of directors shall periodically review compliance reports pertaining to all laws applicable to the listed entity, prepared by the listed entity as well as steps taken by the listed entity to rectify instances of non-compliances.*

*(4) The board of directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management.*

*(5) (a) The board of directors shall lay down a code of conduct for all members of board of directors and senior management of the listed entity.*

*(b) The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.*

It shall be the responsibility of the Board to review on a quarterly basis the compliances of the entity with regard to the various laws applicable to it. It shall be duty of the company secretary to ascertain compliance of the various statutes that are applicable to the entity and provide the Board of Directors with the status of compliance every quarter so that the Board of Directors are able to satisfy themselves that the entity is compliant with all the statutes and laws that are applicable to it.

It shall also be the responsibility of the Board of Directors to satisfy itself that there are proper steps that have been taken to ensure that there is succession planning and there are orderly plans to fill up vacancies in the Board as well as in senior management.

The Board of Directors shall also adopt a code of conduct which shall be applicable to all the members of the Board and to all the persons who constitute the senior management of the entity. The code of conduct shall also include the duties of the independent directors as specified under the Companies Act, 2013 which is as under:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the board of directors or required by law.

The entity shall also ensure that the code of conduct for the board of directors and the senior management persons is hosted on the website of the company.

#### **d. Fees to non-executive directors**

*(6) (a) The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting.*

*(b) The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.*

*(c) The approval of shareholders mentioned in clause (a), shall specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate.*

*(ca) The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.*

*(d) Independent directors shall not be entitled to any stock option.*

*(e) The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-*

*(i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or*

*(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:*

*Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.*

*Explanation: For the purposes of this clause, net profits shall be calculated as per section 198 of the Companies Act, 2013.*

All payments and compensation to the non-executive directors including the independent directors shall be recommended by the Board of Directors and approved by the shareholders of the entity. No approval shall be required if the sitting fees payable is within the limits specified in the Companies Act, 2013. The approval shall specify the maximum number of stock options that can be granted to a non-executive director and no independent director shall be entitled to any stock option.

In case any remuneration is to be made to non-executive director, exceeding 50% of the total remuneration payable to all the non-executive directors, such payments will require the approval of the shareholders by way of a special resolution. The resolution is valid for a year and the explanatory statement shall specify the remuneration payable.

Fees or compensation payable to the executive directors who are either promoters or part of the promoter group shall require the approval of the shareholders if the annual remuneration payable to each such director together exceeds Rs.5 crores or 2.5% of the net profits of the listed entity whichever is higher or if there is more than one such executive director, the annual remuneration payable to all the directors exceeds 5% of the net profits of the listed entity. This resolution is valid for the entire term of such director.

#### **e. Information to be placed before the Board**

*(7) The minimum information to be placed before the board of directors is specified in Part A of Schedule II.*

The Listing Regulations require certain minimum information as stipulated in Part A of Schedule II to be placed in every meeting of the Board of Directors. The information stipulated is as under:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer

**f. Certificate by CEO/CFO**

*(8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.*

The Regulations require that the CEO and the CFO of the entity shall provide a certificate to the board of directors in the format as specified in part B of Schedule II of the Regulations. The format is as under:

To  
The Board of Directors  
..... Ltd

Dear Sirs,

**SUB: COMPLIANCE CERTIFICATE UNDER THE SEBI (LODR) REGULATIONS, 2015**

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

.....  
CHIEF EXECUTIVE OFFICER  
.../.../2020

.....  
CHIEF FINANCIAL OFFICER  
.../.../2020

**g. Risk Management**

*(9) (a) The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.*

*(b) The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.*

It shall be the responsibility of the listed entity to lay down procedures for informing the directors of the steps taken to assess and minimize risk. The Board shall further be responsible for the framing, implementing and monitoring the risk management policy or plan of the entity.

#### **h. Evaluation of the Independent Directors**

*(10) The evaluation of independent directors shall be done by the entire board of directors which shall include -*

*(a) performance of the directors; and*

*(b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:*

*Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.*

It shall be the duty of the entire board of directors to evaluate the performance and the fulfillment of the independence criteria of the independent directors of the company. Hence every independent director shall be evaluated by the entire board except the director being evaluated with regard to his / her performance and how that director fulfills the criteria for independence. Independence shall be as per the criteria specified in the regulations (as defined) and also how independent the director is from the management.

#### **i. Recommendation of the Board to the shareholders**

*(11) The statement to be annexed to the notice as referred to in sub-section (1) of section 102 of the Companies Act, 2013 for each item of special business to be transacted at a general meeting shall also set forth clearly the recommendation of the board to the shareholders on each of the specific items.*

The explanatory statement attached to the notice convening the General Meeting of the shareholders for each of the special item of business to be transacted shall also include the recommendation of the Board of Directors to the shareholders of the entity.

#### **7. Maximum number of directorships [Regulation 17A]**

*The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time -*

*(1) A person shall not be a director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020:*

*Provided that a person shall not serve as an independent director in more than seven listed entities.*

*(2) Notwithstanding the above, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.*

*For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.]*

Regulation 17A restricts the number of companies in which a person can be director. With effect from April 01, 2019 a person cannot be a director, including an alternate director, in more than 8 listed entities and with effect from April 01, 2020, cannot be a director in more than 7 listed entities. A person cannot be an independent director in more than 7 listed entities.

In case a person is serving as a whole-time director or a managing director of any listed entity such a person cannot be a director in more than 3 listed entities.

For the purpose of counting the number of listed entities, the entities whose equity shares are listed alone shall be considered.

## **6. Audit Committee [Regulation 18]**

### **i. Constitution**

*(1) Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:*

*(a) The audit committee shall have minimum three directors as members.*

*(b) Two-thirds of the members of audit committee shall be independent directors and in case of a listed entity having outstanding SR equity shares, the audit committee shall only comprise of independent directors.*

*(c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.*

*Explanation (1).- For the purpose of this regulation, "financially literate" shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.*

*Explanation (2).- For the purpose of this regulation, a member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.*

*(d) The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries.*

*(e) The Company Secretary shall act as the secretary to the audit committee.*

*(f) The audit committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee:*

*Provided that occasionally the audit committee may meet without the presence of any executives of the listed entity.*

Every listed entity shall constitute a qualified and an independent Audit Committee which shall comprise of at least 3 directors as its members and 2/3rds of the committee shall comprise of independent directors. In case the entity has outstanding equity shares with superior voting rights, all the members of the audit committee of such an entity shall be only independent directors.

All the members of the audit committee shall be financially literate, in the sense that all of them shall have the ability to read and understand basic financial statements, which is the balance sheet, profit and loss account and cash flow statements. One of the members shall have accounting or related financial management expertise, in the sense that such a member must have necessary qualifications in finance or accounting (Chartered Accountant, Company Secretary, Cost Accountant, M. Com etc.) or should have been a Chief Executive Officer or a Chief Financial Officer or other senior officer with financial supervision and oversight as his / her responsibility.

The chairperson of the audit committee shall be an independent director and the chairperson must be present at the Annual General Meeting of the entity to handle queries from the shareholders. The company secretary of the entity shall be the secretary of the audit committee.

The committee has the discretion to invite the head of the finance function or the statutory auditor or such other experts or executives to be present at its meeting and the committee can also meet occasionally in the absence of the executives of the listed entity.

Failure to constitute the audit committee as per the stipulations in the Listing Regulations will attract a penalty of Rs.2,000 per day of default till such time the default continues.

**ii. Meeting of the Audit Committee**

*(2) The listed entity shall conduct the meetings of the audit committee in the following manner:*

*(a) The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.*

*(b) The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.*

*(c) The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.*

The audit committee shall meet at least 4 times in a year with a gap of not more than 120 days between two meetings. The quorum for each meeting shall be either 2 members or 1/3<sup>rd</sup> of the total strength of the committee whichever is greater and at least 2 independent directors must be present at the meeting.

The audit committee has the power to investigate any activity which is within its terms of reference, obtain any information from any employee of the entity or take outside legal or professional advice if required. The committee can also ask for the attendance of outside experts if required.

**iii. Role of the audit committee**

*(3) The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II.*

The role of the audit committee shall be as specified in Part C of Schedule II of the Listing Regulations which is as under:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) Internal audit reports relating to internal control weaknesses; and
- (5) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

#### **iv. Penalty for non-compliance**

SEBI vide circular dated January 20, 2020 indicated that the penalty that could be levied by the stock exchange for the non-constitution of the audit committee would be Rs.2,000 per day of non-compliance. **This will be apart from the action that SEBI can take on the listed entity for non-compliance.**

SEBI, in the matter of Ritman Infra, has passed a restrictive order on the entity for not constituting an Audit Committee in accordance with the Listing Regulations.

#### **8. Nomination and Remuneration Committee [Regulation 19]**

- (1) The board of directors shall constitute the nomination and remuneration committee as follows:*
  - (a) the committee shall comprise of at least three directors;*
  - (b) all directors of the committee shall be non-executive directors; and*

*(c) at least fifty percent of the directors shall be independent directors 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.*

*(2) The Chairperson of the nomination and remuneration committee shall be an independent director:*

*Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.*

*(2A) The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.*

*The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.*

*(3A) The nomination and remuneration committee shall meet at least once in a year.*

*(4) The role of the nomination and remuneration committee shall be as specified as in Part D of the Schedule II.*

#### **i. Constitution**

The board of directors of every listed entity is under an obligation to constitute a Nomination and Remuneration Committee which shall comprise of at least 3 directors, all of whom shall be non-executive. 50% of the committee shall comprise of independent directors and in case the company has outstanding equity shares carrying superior voting rights, 2/3<sup>rd</sup> of the committee shall comprise of independent directors.

The Chairperson of the Nomination and Remuneration Committee shall be an independent director and he may be present at the annual general meeting to answer all the queries of the shareholders.

The Chairperson of the company, whether he is an executive director or non-executive director can be a member of the committee, but cannot be the Chairperson of the committee.

#### **ii. Meetings**

The committee shall meet atleast once a year. The quorum for all meetings of the Nomination and Remuneration Committee shall be 2 directors or 1/3<sup>rd</sup> of the members of the committee, whichever is greater, and one of the directors present shall be an independent director.

#### **iii. Role**

The role of the committee shall be as specified in Part D of Schedule II of the Listing Regulations, which is as under:

- a. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b. formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c. devising a policy on diversity of board of directors;
- d. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- e. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- f. recommend to the board, all remuneration, in whatever form, payable to senior management.

#### **iv. Penalty for non-compliance**

SEBI vide circular dated January 20, 2020 indicated that the penalty that could be levied by the stock exchange for the non-constitution of the Nomination and Remuneration Committee would be Rs.2,000 per day of non-compliance. **This will be apart from the action that SEBI can take on the listed entity for non-compliance.**

SEBI, in the matter of Ritman Infra, has passed a restrictive order on the entity for not constituting a Nomination and Remuneration Committee in accordance with the Listing Regulations.

### **9. Stakeholders Relationship Committee [Regulation 20]**

*(1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into various aspects of interest of shareholders, debenture holders and other security holders.*

*(2) The chairperson of this committee shall be a non-executive director.*

*(2A) At least three directors, with at least one being an independent director, shall be members of the Committee and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Stakeholders Relationship Committee shall comprise of independent directors*

*(3) The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders.*

*(3A) The stakeholders' relationship committee shall meet at least once in a year.*

*(4) The role of the Stakeholders Relationship Committee shall be as specified as in Part D of the Schedule II.*

#### **i. Constitution**

Every listed entity shall constitute a Stakeholders Relationship Committee which shall look into the various aspects of interest of shareholders, debenture holders and other security holders of the entity. This excludes the interest of fixed deposit holders. The committee shall have at least 3 directors and one of them shall be an independent director. In cast the company has outstanding equity shares with

superior voting rights, 2/3<sup>rd</sup> of the committee shall comprise of independent directors. However as per Section 178(5) of the Companies Act, 2013, a company which consists of more than 1,000 shareholders, debenture-holders, deposit holders and other security holders at any time during a financial year, shall constitute a Stakeholders Relationship Committee, which shall consist of such members as may be decided by the board of director of the company. Hence those listed entities to which Regulation 20 is not applicable has to constitute a Stakeholders Relationship Committee in case there are more than 1000 shareholders, debenture holders, deposit holders and other security holders.

The Chairperson shall be a non-executive director and shall be present at the Annual General Meetings of the company to answer the queries of the security holders.

#### **ii. Meetings**

The committee shall meet at least once a year.

#### **iii. Role**

The committee shall carry out the role as specified in Part D of Schedule II of the Listing Regulations, which has been widened by amendment to the Regulations on May 09, 2018 and shall inter-alia include the following:

- a. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- b. Review measures taken for effective exercise of voting rights by shareholders.
- c. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

#### **iv. Penalty for non-compliance**

SEBI vide circular dated January 20, 2020 indicated that the penalty that could be levied by the stock exchange for the non -constitution of the Stakeholders Relationship Committee would be Rs.2,000 per day of non-compliance. **This will be apart from the action that SEBI can take on the listed entity for non-compliance.**

### **10. Risk Management Committee [Regulation 21]**

*(1) The board of directors shall constitute a Risk Management Committee.*

*(2) The majority of members of Risk Management Committee shall consist of members of the board of directors and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise of independent directors*

*(3) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.*

*(3A) The risk management committee shall meet at least once in a year.*

*(4) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.*

*(5) The provisions of this regulation shall be applicable to top 500 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year.*

#### **i. Constitution**

The Board of Directors of the top 500 listed companies by market capitalization as at March 31 of the year shall formulate a Risk Management Committee. Although the committee is recognized more of an internal committee with the regulation encouraging the senior executive of the entity to be members of the Committee, the regulation insists that majority of the members shall be members of the board of directors. In case the company has outstanding equity shares with superior voting rights, 2/3rds of the committee shall comprise of independent directors. The chairperson of the Committee shall be a member of the Board of Directors of the entity.

#### **ii. Meeting**

The committee shall meet at least once a year.

#### **iii. Role and responsibilities**

It shall be the responsibility of the board of directors of the entity to define the role of the Committee and the functions shall compulsorily include the monitoring and reviewing the risk management plan of the entity and review of cyber security in the entity.

#### **iv. Penalty for non-compliance**

SEBI vide circular dated January 20, 2020 indicated that the penalty that could be levied by the stock exchange for the non-constitution of the Risk Management Committee would be Rs.2,000 per day of non-compliance. **This will be apart from the action that SEBI can take on the listed entity for non-compliance.**

### **11. Vigil Mechanism [Regulation 22]**

*(1) The listed entity shall formulate a vigil mechanism for directors and employees to report genuine concerns.*

*(2) The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.*

Every listed entity is under an obligation to formulate a vigil mechanism or whistle blower mechanism to enable its directors and employees' genuine concerns prevalent in the entity.

The vigil mechanism policy shall provide for adequate safeguards against victimization the director or employee or the whistle blower who make use of this mechanism and shall provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

The vigil mechanism policy shall be hosted on the website of the entity. Section 177(10) of the Companies Act, 2013 also mandates the disclosure of the establishment of vigil mechanism in the Board Report every year.

The SEBI (Prohibition of Insider Trading) Regulations, 2015 also specifies that an employee may avail this mechanism to report any leakage of unpublished price sensitive information or suspected leakage of unpublished price sensitive information and such informers shall be protected from victimization.

A status report of the number of employees who availed of the vigil mechanism policy of the company to report genuine concerns during the quarter is to be placed in every board meeting of the company for the information of the directors.

## **12. Related Party Transactions [Regulation 23]**

### **i. Who is a related party?**

**Related Party** is defined under the Listing Regulations as "one who is defined as a related party under sub-section (76) of section 2 of the Companies Act, 2013 or defined as a related party under the applicable accounting standards or 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."

As per Section 2(76) of the Companies Act, 2013, a related party with reference to a company shall be:

- i. a director or his relative;
- ii. key managerial personnel or his relative;
- iii. a firm, in which a director, manager or his relative is a partner;
- iv. a private company in which a director or manager is a member or director;
- v. a public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
- vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii. any company which is—

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

ix. such other person as may be prescribed;

As per IndAS24, a related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(A) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(B) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Hence a related party for a listed entity shall be one who is a related party as per the definition under Section 2(76) of the Companies Act, 2013 or a related party as defined under the applicable Accounting Standards IndAS24 or any person who holds 20% or more of the paid-up share capital of the listed entity and is a part of the promoter / promoter group shall be treated as a related party. Hence if the person falls into any of the criteria specified such a person will be treated as a related party.

*The consultation paper circulated recently by SEBI on related party transactions has recommended the modification of the definition of a related party as " ..... any person or entity belonging to the promoter or promoter group of the listed entity or (ii) any person or any entity, directly or indirectly (including with their relatives), holding 20% or more of the equity shareholding in the listed entity, shall be deemed to be a related party."*

## **ii. What is a related party transaction?**

A "related party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged. This shall either be a single transaction or a group of transactions in a contract. Hence any transfer of resources, services or

obligations between the listed entity and the related party, with or without any consideration are treated as related party transaction which is similar to the definition in the Accounting Standards.

*The consultation paper on Related Party Transactions recently circulated by SEBI has recommended the modification of the definition of Related Party Transactions by defining a related party transaction as a transaction involving the transfer of resources, services or obligations between the listed entity or any of its subsidiaries on the one hand and a related party of the listed entity or any of its subsidiaries on the other hand or the listed entity or any of its subsidiaries on the one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, irrespective of whether a price is charged or not.*

Related Party transactions could be either a single transaction or a series of transactions.

*Further the consultation paper also seeks to exclude the receipt of shares by way of preferential allotment and corporate actions benefits like dividend, buy-back, consolidation or split, bonus or rights shares which are uniformly applicable to all the shareholders.*

### **iii. Policy on material related party transactions**

*(1) The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly*

*Explanation. - A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.*

*(1A) Notwithstanding the above, with effect from July 01, 2019 a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.*

Regulation 23 of the Regulations casts an obligation on the listed entity to formulate a policy on material related transactions and dealing with such transactions. This Policy shall clearly specify threshold limits beyond which a transaction with the related party would be considered material and the Board of Directors must approve such a policy. This policy shall be reviewed by the board of directors at least once every 3 years updated accordingly to the changed circumstances.

A transaction with a related party shall be considered material if the transaction or transactions to be entered into either individually or taken together with previous transactions during the financial year with the related party exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. A transaction which involves payments made to a related party for brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

***The Consultative Paper on related party transactions recently circulated seeks to modify the term material transaction as one entered into individually or taken together with previous***

*transactions during a financial year, exceeds Rs.1,000 crore or five percent of the annual consolidated turnover total revenues, total assets or net worth of the listed entity on a consolidated basis as per the last audited financial statements of the listed entity., whichever is lower, provided that the criterion relating to net worth shall not be applicable if the net worth of the listed entity is negative.*

#### **iv. Approval of the Audit Committee**

*(2) All related party transactions shall require prior approval of the audit committee.*

*(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-*

*(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;*

*(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;*

*(c) the omnibus approval shall specify:*

*(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,*

*(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and*

*(iii) such other conditions as the audit committee may deem fit:*

*Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.*

*(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.*

*(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:*

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

**However, the consultative paper on related party transactions recently circulated by SEBI seeks to modify this requirement by stating that all related party transactions and material modifications to this transaction already approved shall require the prior approval of the Audit Committee. Further in the case of a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, such a transaction shall require prior approval of the audit committee of the listed entity only if the value of such transaction (whether entered into individually or taken together with previous transactions during a financial year) exceeds 10% of the annual total revenues, total assets or net worth of the subsidiary, on a standalone basis, for the immediately preceding financial year, whichever is lower, provided that the criterion relating to net worth shall not be applicable if the net worth of the subsidiary is negative.**

In case the transactions are repetitive in nature, the Audit Committee may grant omnibus approval after satisfying itself of the need for such omnibus approval and that the grant of such approval is in the interest of the listed entity. The approval shall specify the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, the indicative base price / current contracted price and the formula for variation in the price if any; and

such other conditions as the audit committee may deem fit. In case the details of such related party transaction cannot be foreseen, the approval can be granted for value not exceeding Rs.1 crore. Omnibus approvals are valid for a period of one year and the approvals shall be reviewed every quarter by the audit committee.

#### **v. Approval of the Shareholders**

*(4) All material related party transactions shall require 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:*

*Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;*

*(5) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:*

*(a) transactions entered into between two government companies;*

*(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.*

*Explanation. - For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.*

*(6) The provisions of this regulation shall be applicable to all prospective transactions.*

*(7) For the purpose of this regulation, all entities falling under the definition of related parties shall not vote to approve the relevant transaction] irrespective of whether the entity is a party to the particular transaction or not.*

*(8) All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.*

All related party transactions which are material in nature shall require prior approval of the shareholders in a general meeting through an ordinary resolution. No related party shall vote to approve such a resolution whether the entity is a party to the particular transaction or not. This requirement shall however not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

***The Consultative Paper on Related Party Transactions recently circulated by SEBI requires even modification to such material party transactions to be approved by the shareholders. This could be the fallout of the Order of the Adjudicating Officer in the Matter of R T Exports Limited, where related parties voted on the resolution seeking to modify the related party transaction.***

The requirement of audit committee approval, omnibus approval and shareholders' approval shall not be required if the transaction is entered into between two government companies or if the transaction is entered into between a holding company and its wholly owned subsidiary whose

accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

#### **vi. Disclosure of the related party transaction**

*(9) 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.*

The listed entity shall on a half yearly basis within 30 days from the date of publication of its standalone and consolidated financial results for the half year, (i.e. by December 15 assuming the results are published by November 15 and June 30 assuming the results are published on May 30) make disclosures of related party transactions on a consolidated basis, to the stock exchanges. The same shall also be published on the website of the listed entity.

The penalty for the non-compliance of this requirement would be Rs.5,000 per day till the default continues.

***The consultation paper on related party transactions recently circulated has prescribed the format in which this disclosure is to be made and further requires the listed entity to make this disclosure on the date of publication of its standalone and consolidated financial results every year.***

#### **13. Corporate governance requirements with respect to subsidiary of listed entity [Regulation 24]**

*(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.*

*Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.*

*(2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.*

*(3) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.*

*(4) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.*

*Explanation. - For the purpose of this regulation, the term "significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.*

*(5) A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent*

*or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.*

*(6) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal[, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.*

*(7) Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.*

**i. Compliances with regard to material unlisted subsidiary**

Every listed entity must ensure that at least one independent director of its board is appointed as a director on the board of directors of its material unlisted subsidiary, whether it is incorporated in India or outside India. For this purpose, a material unlisted subsidiary would be one whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

A listed entity shall not dispose of its holding in its material subsidiary which would result in the subsidiary ceasing to be its subsidiary (i.e. its shareholding either on its own or taken together with other subsidiaries reduces to less than 50% of the paid-up share capital of the material subsidiary) without the approval of the shareholders of the listed entity by way of a special resolution in a general meeting. However, no approval of the shareholders is required if the divestment is made under a scheme of arrangement duly approved by a Court / Tribunal or under a resolution duly approved under Section 31 of the Insolvency Code and this event has been disclosed to the recognized stock exchanges within one day of the resolution plan being approved by the listed entity.

The listed holding entity or the material subsidiary can sell, dispose and lease the assets of the material subsidiary amounting to 20% or more of the assets of the material subsidiary on an aggregate basis during a financial year only with the prior approval of the shareholders of the listed entity by way of a special resolution in a general meeting. No approval of the shareholders is however required if the sale or disposal or lease is made under a scheme of arrangement duly approved by a Court / Tribunal or under a resolution duly approved under Section 31 of the Insolvency Code and this event has been disclosed by the listed entity to the recognized stock exchanges within one day of the resolution plan being approved.

**ii. Compliances with regard to unlisted subsidiaries**

The listed entity shall place the financial statements of all its unlisted subsidiaries before the Audit Committee which shall review the same, particularly the investments made by such subsidiaries. The listed entity shall also place the minutes of the board meetings of the unlisted subsidiaries in the meetings of the board of directors every quarter. Further it shall be the duty of the management of the unlisted subsidiary to periodically bring to the notice of the board of directors of the listed entity the details of significant transactions and arrangements entered into by it. For the purpose of this regulation, significant transaction or arrangement means individual transaction or arrangement which is or is likely to be more than 10% of the total revenues or total expenses or total assets or total liabilities as the case may of the unlisted subsidiary for the preceding accounting year.

#### 14. Secretarial Audit [Regulation 24A]

*Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.*

Regulation 24A casts an obligation on every listed entity and its material unlisted subsidiary (i.e. every subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year) in India to undertake a secretarial audit every financial year.

While the Secretarial Audit shall be as specified under Section 204 of the Companies Act, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 SEBI has specified vide Circular NO : CIR/CFD/CMD1/27/2019 dated February 08, 2019 that a listed entity and its unlisted material subsidiaries shall use the same Form No. MR-3 as required under Companies Act, 2013 and the rules made thereunder for the purpose of compliance with Regulation 24A of the Listing Regulations as well. The listed entity shall in addition file an Annual Secretarial Compliance Report. In the format as specified in the Circular. The Annual Compliance Report requires a Practicing Company Secretary (PCS) to carry out a check on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder on an annual basis.

The Annual Secretarial Compliance Report shall be placed at the meeting of the Board of Directors and shall be submitted by the listed entity to the recognized stock exchanges on which its specified securities are listed within 60 days from the end of the financial year in the specified format.

The Institute of Company Secretaries of India has also issued a guidance note in this regard and the Practicing Company Secretaries can make use of this guidance notice to undertake the certification.

While the Secretarial Audit as mandated by the Companies Act is compulsory for all listed entities, the Annual Secretarial Compliance Report is not required to be filed by those companies to which Regulation 24A is not applicable and those companies which are listed on the SME Exchange.

## FORMAT OF THE ANNUAL COMPLIANCE REPORT

On the letterhead of the Practicing Company Secretary

Compliance report of [●] [Name of the listed entity] for the year ended \_\_\_\_\_

I/We..... have examined:

(a) all the documents and records made available to us and explanation provided by [●] [Name of the listed entity] (“the listed entity”),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant,

which has been relied upon to make this certification, for the year ended [●] (“Review Period”) in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(i) .....(other regulations as applicable) and circulars/ guidelines issued thereunder;

(Note: The aforesaid list of Regulations is only illustrative. The list of all SEBI Regulations, as may be relevant and applicable to the listed entity for the review period, shall be added.)

and based on the above examination, I/We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below: -

<b>Sr. No</b>	<b>Compliance Requirement (Regulations/ circulars / guidelines including specific clause)</b>	<b>Deviations</b>	<b>Observations/ Remarks of the Practicing Company Secretary</b>

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (*including under the Standard Operating Procedures issued by SEBI through various circulars*) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

<b>Sr. No.</b>	<b>Action taken by</b>	<b>Details of violation</b>	<b>Details of action taken E.g. fines, warning letter, debarment, etc.</b>	<b>Observations/ remarks of the Practicing Company Secretary, if any.</b>

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

<b>Sr. No.</b>	<b>Observations of the Practicing Company Secretary in the previous reports</b>	<b>Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)</b>	<b>Actions taken by the listed entity, if any</b>	<b>Comments of the Practicing Company Secretary on the actions taken by the listed entity</b>

**Place:**  
**Date:**

**Signature:**

## **15. Obligations with respect to independent directors [Regulation 25]**

*(1) No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.*

*(2) The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.*

*(3) The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.*

*(4) The independent directors in the meeting referred in sub-regulation (3) shall, inter alia-*

- (a) review the performance of non-independent directors and the board of directors as a whole;*
- (b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;*
- (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.*

*(5) An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.*

*(6) 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 the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:*

*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.*

*(7) The listed entity shall familiarise the independent directors through various programmes about the listed entity, including the following:*

- (a) nature of the industry in which the listed entity operates;*
- (b) business model of the listed entity;*
- (c) roles, rights, responsibilities of independent directors; and*
- (d) any other relevant information.*

*[8] Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.*

*(9) The board of directors of the listed entity shall take on record the declaration and confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same.*

*(10) With effect from October 1, 2018, the top 500 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.*

Every listed entity shall with effect from October 01, 2018 not appoint any person as an alternate director to an independent director. Further any director who is acting as an alternate director to the independent director shall also not continue to be an alternate director after October 01, 2019.

The term of appointment of an independent director shall be as specified in the Companies Act, 2013 as per which a person can be appointed as an independent director for two terms of 5 years each. In other words, a person can be an independent director for two terms which can be a maximum of 5 years. The listed entity has the option to fix a term as less than 5 years too.

The independent directors shall have a meeting at least once a financial year in the absence of the non-independent directors and in such meeting, they shall review the performance of the board as a whole and the other executive and non-executive directors. They shall also review the performance of the chairperson, the quality of the agenda and the timeliness within which the agenda papers are received. Since this meeting is to be conducted in the absence of the other directors and key executives of the entity, the outcome or views of the independent directors may be communicated to the board of directors by the Chairperson of this meeting.

The independent directors shall be held liable for all acts of omission and commission, which has occurred with his knowledge and where board processes have been followed. In other words, if agenda papers have been circulated for a duly convened meeting and discussion has taken place on an item, in which the independent director has participated, such an independent director shall be held liable for any act of omission and commission arising out of this particular decision.

Every listed entity shall provide familiarization programme for its independent directors on the nature of the industry in which the entity is operating, the business model of the entity, rights, role and responsibilities of the independent director and any other matter of relevance to its independent director. Such programmes shall be conducted regularly and the attendance particulars of the independent directors shall be uploaded on the website of the entity. The attendance particulars shall show the attendance for the current year and the cumulative attendance of each independent director.

In case there is a vacancy in the post of independent directors due to resignation or removal, such vacancy shall be filled by the listed entity within the next meeting or within 120 days from the date of vacancy whichever is later. In case with the vacancy the constitution of the board is still as per the requirement stipulated in the Listing Regulations, such an entity need not fill up the vacancy within the timelines stipulated.

Every independent director shall submit a declaration and confirm his status as an independent director at the beginning of the financial year or whenever circumstances arise which may alter

his status as an independent director. The Board shall take the declaration and certificate on record after checking the veracity of the submission by the director.

With effect from October 01, 2018 the top 500 listed entities by market capitalisation shall take a Directors and Officer's Liability Insurance Policy for all its independent directors for such amount as the Board of Directors deem fit.

**16. Obligations with respect to employees including senior management, key managerial persons, directors and promoters [Regulation 26]**

*(1) A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director which shall be determined as follows:*

*(a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;*

*(b) for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.*

*(2) Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.*

*(3) All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.*

*(4) Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director.*

*(5) Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.*

*Explanation. - For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.*

*(6) No employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution:*

*Provided that such agreement, if any, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be disclosed to the stock exchanges for public dissemination:*

*Provided further that subsisting agreement, if any, as on the date of coming into force of this sub-regulation shall be placed for approval before the Board of Directors in the forthcoming Board meeting:*

*Provided further that if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming general meeting:*

*Provided further that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.*

*Explanation - For the purposes of this sub-regulation, 'interested person' shall mean any person holding voting rights in the listed entity and who is in any manner, whether directly or indirectly, interested in an agreement or proposed agreement, entered into or to be entered into by such a person or by any employee or key managerial personnel or director or promoter of such listed entity with any shareholder or any other third party with respect to compensation or profit sharing in connection with the securities of such listed entity.*

Regulation 26 restricts the number of committees in which a director of a listed entity can be a member or a chairperson. A director of a listed entity cannot be a member in more than 10 committees and the chairperson of more than 5 committees across all the listed entities in which he is a director. For the purpose of this count, only committees of public limited companies whether listed or not, in which the director is serving as a member shall counted and all private limited companies, foreign companies and Companies formed under Section 8 of the Companies Act, 2013 shall be excluded. Further only Audit Committee and Stakeholders Relationship Committee shall be counted for this purpose.

It shall be duty of every director to inform the entity in which he or she is a director of his / her directorship as well as the committees in which he or she is a member or a chairperson. The directorship shall also notify the entity as and when any change in directorship or committee membership takes place.

Every director and member of the senior management of the listed entity is required to confirm that they confirm to the code of conduct for senior managerial personnel on an annual basis. Although not specified, it is advisable to take confirmation to this code at the first meeting of financial year.

Every person proposed to be appointed as a non-executive director (including independent directors) shall inform the entity in which they are proposed to be appointed the number of shares that are held by them either in their name or as a beneficial owner and the same shall be disclosed in the notice and explanatory statement to the general meeting of the shareholders which is called to approve their appointment.

All members of the senior management shall disclose to the board of directors all material, financial and commercial transactions in which they have a personal interest and which may have a potential conflict of interest with the listed entity.

All agreements for compensation or forprofit sharing in a transaction involving the securities of the company with any shareholder or any other third party by any employee of the listed entity including key managerial personnel or director or promoter or their relatives shall be done only with the prior approval of the board of directors and the public shareholders by way of an ordinary resolution. In case such an agreement has been entered into three years prior to January 04, 2017, which is either subsisting or has expired on January 04, 2017 the listed entity shall disclose such agreements to the stock exchanges for public dissemination. In case such agreements subsist as on January 04, 2017 the listed entity must have ensured that such agreements have been placed for the approval of the board of directors in the board meeting immediately following the notification on January 04, 2017 and same

must have also been approved by the shareholders by way of an ordinary resolution in the general meeting.

All interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting. The Regulations define an 'Interested person' as any person holding voting rights in the listed entity and who is in any manner, directly or indirectly, interested in an agreement or proposed agreement, entered into or to be entered into by such a person or by any employee or key managerial personnel or director or promoter of the listed entity with any shareholder or any other third party with respect to compensation or profit sharing in connection with the securities of such listed entity.

## **17. Reporting Requirements [Regulation 27]**

*(1) The listed entity may, at its discretion, comply with requirements as specified in Part E of Schedule II.*

*(2) (a) The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognised stock exchange(s) within fifteen days from close of the quarter.*

*(b) Details of all material transactions with related parties shall be disclosed along with the report mentioned in clause (a) of sub-regulation (2).*

*(c) The report mentioned in clause (a) of sub-regulation (2) shall be signed either by the compliance officer or the chief executive officer of the listed entity.*

Every listed entity may at its discretion comply with the other requirements specified in Part E of Schedule II of the Listing Regulations, reproduced below:

### **A. The Board**

*A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.*

### **B. Shareholder Rights**

*A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.*

### **C. Modified opinion(s) in audit report**

*The listed entity may move towards a regime of financial statements with unmodified audit opinion.*

**J**

### **E. Reporting of internal auditor**

*The internal auditor may report directly to the audit committee*

A Corporate Governance Report shall be submitted on a quarterly basis within 15 days of the end of each quarter, i.e. by April 15, June 15, October 15 and January 15 every year in the specified format to

the recognized stock exchanges on which its securities are listed. The details of all material related party transactions entered into by the entity shall also be submitted along with the corporate governance report submitted by it on a quarterly basis. The report shall be signed either by the compliance officer or the chief executive officer of the listed entity.

SEBI by way of Circular No: CIR/CFD/CMD/ 5 /2015 dated September 24, 2015 has specified that the listed entities shall also file reports on corporate governance on a half yearly as well as on an annual basis in the formats specified in the said circular. Hence a listed entity apart from the quarterly report has to file a half yearly report by October 15 and April 15 and the annual report by April 15 each year. The format of the report has been modified by SEBI Circular No:SEBI/HO/CFD/CMD1/CIR/P/2019/78 dated July 16, 2019 which is effective from quarter ended September 30, 2019. The reports shall be filed in the .xbrl format with the recognized stock exchanges. The company shall place the quarterly, half yearly and annual reports filed with the recognized stock exchanges at the meeting of its board of directors every quarter.

Failure to file the report on time shall attract a penalty of Rs.2,000 per day of delay / non-compliance and the same shall be charged till the non-compliance is rectified by the entity.

**I. Format to be submitted by listed entity on quarterly basis**

Name of the Listed Entity :

Quarter ending :

Composition of Board of Directors												
Title (Mr. / Ms)	Name of the Director	PAN & DIN <sup>\$</sup>	Category (Chairperson / Executive / Non-Executive/ Independent / Nominee) &	Initial date of appointment	Date of Re-appointment	Date of Cessation	Tenure*	Date of Birth	No of Directorship in listed entities including this listed entity [in reference to Regulation 17A(1)]	No of Independent Directors in listed entities including this listed entity [in reference to proviso to regulation 17A(1)]	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)	No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)

Whether Regular Chairperson appointed

Whether Chairperson is related to managing director or CEO

<sup>\$</sup>PAN number of any director would not be displayed on the website of Stock Exchange &Category of directors means executive/non-executive/independent/Nominee.

& If a director fits into more than one category write all categories separating them with hyphen

\* to be filled only for Independent Director. Tenure would mean total period from which Independent director is serving on Board of directors of the listed entity in continuity without any cooling off period

**II. Composition of Committees**

Name of Committee	Whether Regular Chairperson Appointed	Name of Committee members	Category (Chairperson/ Executive/Non - Executive/independent/Nominee) <sup>§</sup>	Date of Appointment	Date of Cessation
Audit Committee					
Nomination & Remuneration Committee					
Risk Management Committee (if applicable)					
Stakeholders Relationship Committee					
<sup>§</sup> Category of directors means executive/non-executive/independent/Nominee. if a director fits into more than one category write all categories separating them with hyphen					

<b>III. Meeting of Board of Directors</b>					
Date(s) of Meeting (if any) in the previous quarter	Date(s) of Meeting (if any) in the relevant quarter	Whether Quorum met*	Number of Directors present*	Number of independent directors present*	Maximum gap between any two consecutive (in number of days)
		Yes / No			

\*to be filled in only for the current quarter meetings

<b>IV. Meeting of Committees</b>					
Date(s) of meeting of the committee in the relevant quarter	Whether requirement of Quorum met (details)*	Number of Directors present*	Number of independent directors present*	Date(s) of meeting of the committee in the previous quarter	Maximum gap between any two consecutive meetings in number of days*
	Yes / No				

\* This information has to be mandatorily be given for audit committee, for rest of the committees giving this information is optional.

To be filled in only for current quarter meetings.

<b>V. Related Party Transactions</b>	
Subject	Compliance Status (Yes/No / NA) )refer note below
Whether prior approval of audit committee obtained	
Whether shareholder approval obtained for material RPT	
Whether details of RPT entered into pursuant to omnibus approval have been reviewed by Audit Committee	

Note 1 In the column "Compliance Status", compliance or non-compliance may be indicated by Yes/No/N.A.. For example, if the Board has been composed in accordance with the requirements of Listing Regulations, "Yes" may be indicated. Similarly, in case the Listed Entity has no related party transactions, the words "N.A." may be indicated. 2 If status is "No" details of non-compliance may be given here.

<b>VI. Affirmations</b>
<p>1. The composition of Board of Directors is in terms of SEBI (Listing obligations and disclosure requirements) Regulations, 2015.</p> <p>2. The composition of the following committees is in terms of SEBI (Listing obligations and disclosure requirements) Regulations, 2015</p> <p>a. Audit Committee</p> <p>b. Nomination &amp; remuneration committee</p> <p>c. Stakeholders relationship committee</p> <p>d. Risk management committee (applicable to the top 500 listed entities)</p> <p>3. The committee members have been made aware of their powers, role and responsibilities as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.</p> <p>4. The meetings of the board of directors and the above committees have been conducted in the manner as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.</p>

5. This report and/or the report submitted in the previous quarter has been placed before Board of Directors. Any comments/observations/advice of Board of Directors may be mentioned here.

Name & Designation

Company Secretary / Compliance Officer / Managing Director / CEO

**II. Format to be submitted by listed entity at the end of the financial year (for the whole of financial year)**

<b>Disclosure on website in terms of Listing Regulations</b>	
<b>Item</b>	<b>Compliance Status (Yes/No / NA)refer note below</b>
a. Details of Business	
b. Terms and conditions of appointment of independent directors	
c. Composition of various committees of board of directors	
d. Code of conduct of board of directors and senior management personnel	
e. Details of establishment of vigil mechanism/ Whistle Blower policy	
f. Criteria of making payments to non-executive directors	
g. Policy on dealing with related party transactions	
h. Policy for determining 'material' subsidiaries	
i. Details of familiarization programmes imparted to independent directors	
j. Email address for grievance redressal and other relevant details	
k. Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances.	
l. Financial results	
m. Shareholding pattern	
n. Details of agreements entered into with the media companies and/or their associates	
o. Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange.	
p. New name and the old name of the listed entity	
q. Advertisements as per regulation 47 (1)	
r. Credit rating or revision in credit rating obtained by the entity for all its outstanding instruments	
s. Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year	
<b>As per other regulations of the LODR:</b>	

a. Whether company has provided information under separate section on its website as per Regulation 46(2)	
b. Materiality Policy as per Regulation 30	
c. Dividend Distribution policy as per Regulation 43A (as applicable)	
It is certified that these contents on the website of the listed entity are correct.	

<b>II. Annual Affirmations</b>		
<b>Particulars</b>	<b>Regulation Number</b>	<b>Compliance Status (Yes/No / NA) <sup>refer</sup> note below</b>
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	
Board composition	17(1), 17(1A) & 17(1B)	
Meeting of Board of directors	17(2)	
Quorum of Board Meetings	17(2A)	
Review of Compliance Reports	17(3)	
Plans for orderly succession for appointments	17(4)	
Code of Conduct	17(5)	
Fees/compensation	17(6)	
Minimum Information	17(7)	
Compliance Certificate	17(8)	
Risk Assessment & Management	17(9)	
Performance Evaluation of Independent Directors	17(10)	
Recommendation of Board	17(11)	
Composition of Audit Committee	18(1)	
Meeting of Audit Committee	18(2)	
Composition of nomination & remuneration committee	19(1)&(2)	
Quorum of Nomination and Remuneration Committee meeting	19(2A)	
Meeting of Nomination and Remuneration Committee	19(3A)	
Composition of Stakeholder Relationship Committee	20(1), 20(2) & 20(2A)	
Meeting of Stakeholder Relationship Committee	20(3A)	
Composition and role of risk management Committee	21(1),(2),(3), (4)	
Vigil Mechanism	22	
Policy for related party Transaction	23(1),(1A), (5),(6),(7) & (8)	
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2),(3)	
Approval for material related party transactions	23(4)	
Disclosure of related party transactions on consolidated basis	23(9)	
Composition of Board of Directors of unlisted material Subsidiary	24(1)	
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	
Annual Secretarial Compliance Report	24A	
Alternate Director to Independent Director	25(1)	
Maximum Tenure	25(2)	

Meeting of independent directors	25(3) & (4)	
Familiarization of independent directors	25(7)	
Declaration from Independent Director	25(8) & 25(9)	
Memberships in Committees	26(1)	
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	
Disclosure of Shareholding by Non-Executive Directors	26(4)	
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	

Note 1 In the column "Compliance Status", compliance or non-compliance may be indicated by Yes/No/N.A.. For example, if the Board has been composed in accordance with the requirements of Listing Regulations, "Yes" may be indicated. Similarly, in case the Listed Entity has no related party transactions, the words "N.A." may be indicated.

2 If status is "No" details of non-compliance may be given here.

3 If the Listed Entity would like to provide any other information the same may be indicated here.

III Affirmations: The Listed Entity has approved Material Subsidiary Policy and the Corporate Governance requirements with respect to subsidiary of Listed Entity have been complied.

Name & Designation

Company Secretary / Compliance Officer / Managing Director / CEO

**III. Format to be submitted by listed entity at the end of 6 months after end of financial year along-with second quarter report of next financial year**

<b>Affirmations</b>		
<b>Broad Heading</b>	<b>Regulation Number</b>	<b>Compliance Status (Yes/No / NA) <sup>refer note below</sup></b>
Copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report, business responsibility report displayed on website	<b>46(2)</b>	
Presence of Chairperson of Audit Committee at the Annual General Meeting	<b>18(1)(d)</b>	
Presence of Chairperson of the nomination and remuneration committee at the annual general meeting	<b>19(3)</b>	
Whether "Corporate Governance Report" disclosed in Annual Report	<b>34(3) read with para C of Schedule V</b>	
<p>Note 1 In the column "Compliance Status", compliance or non-compliance may be indicated by Yes/No/N.A.. For example, if the Board has been composed in accordance with the requirements of Listing Regulations, "Yes" may be indicated. Similarly, in case the Listed Entity has no related party transactions, the words "N.A." may be indicated.</p> <p>2 If status is "No" details of non-compliance may be given here.</p> <p>3 If the Listed Entity would like to provide any other information the same may be indicated here.</p>		
Name & Designation		
Company Secretary / Compliance Officer / Managing Director / CEO		

**18. In-principle approval of recognized stock exchange(s). [Regulation 28]**

*(1) The listed entity, before issuing securities, shall obtain an 'in-principle' approval from recognised stock exchange(s) in the following manner:*

- (a) where the securities are listed only on recognised stock exchange(s) having nationwide trading terminals, from all such stock exchange(s);*
- (b) where the securities are not listed on any recognised stock exchange having nationwide trading terminals, from all the stock exchange(s) in which the securities of the issuer are proposed to be listed;*
- (c) where the securities are listed on recognised stock exchange(s) having nationwide trading terminals as well as on the recognised stock exchange(s) not having nationwide trading terminals, from all recognised stock exchange(s) having nationwide trading terminals:*

*(2) The requirement of obtaining in-principle approval from recognised stock exchange(s), shall not be applicable for securities issued pursuant to the scheme of arrangement for which the*

*listed entity has already obtained No-Objection Letter from recognised stock exchange(s) in accordance with regulation 37*

Every listed entity is under an obligation to obtain an 'in-principle' approval from the recognized stock exchanges before it makes an issue of any security. In case the existing securities are listed only on recognized stock exchange having nation-wide trading terminals, the entity is under an obligation to obtain in-principle from the exchanges on which it is listed. For example, in case an entity is listed on BSE and NSE, it needs to obtain approval from both the BSE and NSE. In case the securities of the listed entity are listed only on recognized stock exchanges which do not have nation-wide trading terminals, the approval shall be obtained from such exchanges. Since there is only one recognized stock exchange which does not have nation-wide trading terminal, being the Calcutta Stock Exchange, if any entity is listed only on Calcutta Stock Exchange, but not on the BSE or NSE, it needs to obtain approval from the Calcutta Stock Exchange before issuing any fresh security.

In case the securities are listed on recognized stock exchanges having nation-wide trading terminals and recognized stock exchanges which do not have nation-wide trading terminals, it is sufficient if the approval is obtained only from those exchanges which have nation-wide trading terminals. For example, if the company is listed both on Calcutta Stock Exchange and the NSE, it is sufficient if the company gets approval from the NSE alone.

An entity which is listing its securities pursuant to a scheme of arrangement for which it has obtained a No-Objection letter from the recognized stock exchange in accordance with the procedures laid down in Regulation 37 need not obtain any in-principle approval for the issuance of fresh securities under Regulation 28.

In case an entity fails to obtain prior approval, the non-compliance shall attract a penalty of Rs.50,000 per instance.

#### **19. Prior Intimation [Regulation 29]**

*(1) The listed entity shall give prior intimation to stock exchange about the meeting of the board of directors in which any of the following proposals is due to be considered:*

*(a) financial results viz. quarterly, half yearly, or annual, as the case may be;*

*(b) proposal for buyback of securities;*

*(c) proposal for voluntary delisting by the listed entity from the stock exchange(s);*

*(d) fund raising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price:*

*Provided that intimation shall also be given in case of any annual general meeting or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund-raising indicating type of issuance.*

*(e) declaration/ recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend.*

*(f) the proposal for declaration of bonus securities where such proposal is communicated to the board of directors of the listed entity as part of the agenda papers:*

*(2) The intimation required under sub-regulation (1), shall be given at least two working days in advance, excluding the date of the intimation and date of the meeting:*

*Provided that intimation regarding item specified in clause (a) of sub-regulation (1), to be discussed at the meeting of board of directors shall be given at least five days in advance (excluding the date of the intimation and date of the meeting), and such intimation shall include the date of such meeting of board of directors.*

*(3) The listed entity shall give intimation to the stock exchange(s) at least eleven working days before any of the following proposal is placed before the board of directors -*

*(a) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof.*

*(b) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.*

Every Listed entity must at least 2 working days before the date of the board meeting intimate the stock exchange if the entity is considering the following proposals:

- a. Buy-back of securities;
- b. Voluntary delisting by the listed entity from the stock exchange(s);
- c. Fund raising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, Qualified Institutions Placement (QIP), debt issue, preferential issue or any other method. Intimation shall also be given for any meeting called to determine the issue price. Intimation shall also be given in case any Annual General Meeting or Extraordinary General Meeting or a postal ballot is proposed to be held for obtaining shareholder approval for further fund raising and the intimation shall indicate the type of issuance being public issue, rights, preferential, QIP, debt issue, ADR or GDR.
- d. Declaration or recommendation of dividend;
- e. Issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or passing over of dividend;
- f. Declaration of bonus securities.

The date of intimation and the date of the meeting shall be excluded for the purpose of giving intimation. *A working day is a day when the stock exchange is open for trading.* Hence if a board meeting is scheduled for February 17, 2020 for consideration of bonus, which is a Monday, the date of intimation shall be given to the Exchange on Wednesday February 12, 2020.

In case of consideration of quarterly or annual financial results by the Board of Directors, the listed entity shall give intimation **at least 5 days in advance** to the stock exchange. The intimation shall exclude the date of the intimation and the date of the meeting. The intimation shall clearly indicate the date of the meeting where the financial results will be being considered. The notice shall also confirm that the trading window has been closed and the date from which the window has been closed and the date on which the trading shall re-open. Quarterly results mean the results for the three months beginning April, July, October and January every year.

Every listed entity shall give intimation to the stock exchange(s) **at least 11 working days** before the proposal to alter the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof or any proposal to alter the date on which the interest

on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable is to be considered by the Board of Directors. The date of intimation and the date of meeting shall be excluded while giving notice.

Any delay in furnishing the prior intimation shall attract a penalty of Rs.10,000 per instance per item of non-compliance.

## **20. Disclosure of Events or information [Regulation 30]**

*(1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.*

A listed entity shall disclose events or information which in the opinion of its board of directors is material. Regulation 30 has replaced the erstwhile Clause 36 of the Listing Agreement and this Regulation is prescriptive in nature. Regulation 30 read along with Schedule III of the Regulations and SEBI Circular No: CIR/CFD/CMD/4/2015 dated September 09, 2015 specifies clearly the events when the disclosure is to be made and further also states disclosures that are to be given as and when every such event or item specified therein occur.

*(2) Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.*

Part A of Schedule III is applicable to those entities whose specified securities are listed on the recognized stock exchange and Para A of Part A makes it mandatory to give a disclosure when the events specified in Para A occur. The events listed in Para A and the disclosure that is to be made as and when such events occur are as under:

**a. Acquisition(s) (including agreement to acquire):** The information to be disclosed when there is an acquisition or an agreement to acquire another entity is:

- i) name of the target entity, details in brief such as size, turnover etc.;
- ii) whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";
- iii) industry to which the entity being acquired belongs;
- iv) objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);
- v) brief details of any governmental or regulatory approvals required for the acquisition; vi) indicative time period for completion of the acquisition;
- vii) nature of consideration - whether cash consideration or share swap and details of the same;
- viii) cost of acquisition or the price at which the shares are acquired;
- ix) percentage of shareholding / control acquired and / or number of shares acquired;
- x) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);

b) **Scheme of Arrangement involving an amalgamation or / merger:** The information to be given by the listed entity whenever there is an **amalgamation / merger** is as under:

- i) name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
- ii) whether the transaction would fall within related party transactions? If yes, whether the same is being done at “arm’s length”;
- iii) area of business of the entity(ies);
- iv) rationale for amalgamation/ merger;
- v) in case of cash consideration – amount or otherwise share exchange ratio;
- vi) brief details of change in shareholding pattern (if any) of listed entity.

1. **Scheme of Arrangement involving a demerger:** The information to be given whenever there is a **demerger** is as under:

- i) brief details of the division(s) to be demerged;
- ii) turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year;
- iii) rationale for demerger;
- iv) brief details of change in shareholding pattern (if any) of all entities;
- v) in case of cash consideration – amount or otherwise share exchange ratio;
- vi) whether listing would be sought for the resulting entity.

2. **Sale or Disposal of a unit or a division or a subsidiary:** The information to be given

- i) the amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year;
- ii) date on which the agreement for sale has been entered into;
- iii) the expected date of completion of sale/disposal;
- iv) consideration received from such sale/disposal;
- v) brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof;
- vi) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arm’s length”;
- vii) additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.

*For the purpose of this sub-clause, "slump sale" shall mean the transfer of one or more undertakings, as a result of the sale for a lump sum consideration, without values being assigned to the individual assets and liabilities in such sales.*

3. **Other restructuring:** The disclosures to be made are:

- i) details and reasons for restructuring;
- ii) quantitative and/ or qualitative effect of restructuring;
- iii) details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring;
- iv) brief details of change in shareholding pattern (if any) of all entities.

**4. Issuance of securities: The following information shall be given whenever the Board of Directors consider the issuance of securities to the public or on a rights basis, bonus issue, preferential issue or a qualified institutions placement.**

- i) type of securities proposed to be issued (viz. equity shares, convertibles etc.);
  - ii) type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc.);
  - iii) total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
  - iv) in case of preferential issue, the listed entity shall disclose the following additional details to the stock exchange(s): i. names of the investors; ii. post allotment of securities - outcome of the subscription, issue price / allotted price (in case of convertibles), number of investors; iii. in case of convertibles - intimation on conversion of securities or on lapse of the tenure of the instrument;
1. in case of bonus issue the listed entity shall disclose the following additional details to the stock exchange(s): i. whether bonus is out of free reserves created out of profits or share premium account; ii. bonus ratio; iii. details of share capital - pre and post bonus issue; iv. free reserves and/ or share premium required for implementing the bonus issue; v. free reserves and/ or share premium available for capitalization and the date as on which such balance is available; vi. whether the aforesaid figures are audited; vii. estimated date by which such bonus shares would be credited/dispatched;
  2. in case of issuance of depository receipts (ADR/GDR) or FCCB the listed entity shall disclose following additional details to the stock exchange(s): i. name of the stock exchange(s) where ADR/GDR/FCCBs are listed (opening – closing status) / proposed to be listed; ii. proposed no. of equity shares underlying the ADR/GDR or on conversion of FCCBs; iii. proposed date of allotment, tenure, date of maturity and coupon offered, if any of FCCB's; iv. issue price of ADR/GDR/FCCBs (in terms of USD and in INR after considering conversion rate); v. change in terms of FCCBs, if any; vi. details of defaults, if any, by the listed entity in payment of coupon on FCCBs & subsequent updates in relation to the default, including the details of the corrective measures undertaken (if any);
  3. in case of issuance of debt securities or other non- convertible securities the listed entity shall disclose following additional details to the stock exchange(s): i. size of the issue; ii. whether proposed to be listed? If yes, name of the stock exchange(s); iii. tenure of the instrument - date of allotment and date of maturity; iv. coupon/interest offered, schedule of payment of coupon/interest and principal; v. charge/security, if any, created over the assets; vi. special right/interest/privileges attached to the instrument and changes thereof; vii. delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest / principal; viii. details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any; ix. details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures;
  4. any cancellation or termination of proposal for issuance of securities including reasons thereof.

- e. In case of a Split/consolidation of shares, the following shall be given;**
- i) split/consolidation ratio;
  - ii) rationale behind the split/consolidation;
  - iii) pre and post share capital – authorized, paid-up and subscribed;
  - iv) expected time of completion;
  - v) class of shares which are consolidated or subdivided;
  - vi) number of shares of each class pre and post-split or consolidation;
  - vii) number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.
- f. In case of Buy-back of securities, the following shall be given:**
- i) number of securities proposed for buyback;
  - ii) number of securities proposed for buyback as a percentage of existing paid up capital;
  - iii) buyback price;
  - iv) actual securities in number and percentage of existing paid up capital bought back;
  - v) pre& post shareholding pattern
- g. In case there is **any restriction on transferability of securities**, the listed entity is under an obligation to provide the following information:**
- i) authority issuing attachment or prohibitory orders;
  - ii) brief details and reasons for attachment or prohibitory orders;
  - iii) name of registered holders against whom restriction on transferability has been placed;
  - iv) total number of securities so affected;
  - v) distinctive numbers of such securities if applicable;
  - vi) period for which order would be applicable (if stated).
- h. Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to:**
- i) forfeiture of shares;
  - ii) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
  - iii) proposal to issue any class of securities;
  - iv) alterations of capital, including calls;
  - v) change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the listed entity.

- i. **Revision in Rating(s).**: In case there is any revision in rating, the listed entity shall notify the stock exchange(s), the details of any new rating or revision in rating assigned from a credit rating agency to any debt instrument of the listed entity or to any fixed deposit program or to any scheme or proposal of the listed entity involving mobilization of funds whether in India or abroad. In case of a downward revision in ratings, the reasons for such downward revision shall also be intimated.
  
- j. **Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies)** which are binding and not in normal course of business : The listed entity shall make the following disclosures as and when such agreements are entered into as well as when there is any revision(s) or amendment(s) or termination(s) to the agreement:
  - i. name(s) of parties with whom the agreement is entered;
  - ii. purpose of entering into the agreement;
  - iii. shareholding, if any, in the entity with whom the agreement is executed;
  - iv. significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
  - v. whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
  - vi. whether the transaction would fall within related party transactions? If yes, whether the same is done at “arm’s length”;
  - vii. in case of issuance of shares to the parties, details of issue price, class of shares issued;
  - viii. any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.;
  - ix. in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s): a) name of parties to the agreement; b) nature of the agreement; c) date of execution of the agreement; d) details of amendment and impact thereof or reasons of termination and impact thereof.
  
- k. **Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter:** In case of a fraud or a default by any promoter or key managerial personnel or by an arrest of any key managerial personnel or promoter the following information is to be disclosed to the stock exchanges:
  - I. At the time of unearthing of fraud or occurrence of the default / arrest: a) nature of fraud/default/arrest; b) estimated impact on the listed entity; c) time of occurrence; d) person(s) involved; e) estimated amount involved (if any); f) whether such fraud/default/arrest has been reported to appropriate authorities.
  - II. Subsequently intimate the stock exchange(s) further details regarding the fraud/default/arrest including: a) actual amount involved in the fraud /default (if any); b) actual impact of such fraud /default on the listed entity and its

financials; and c) corrective measures taken by the listed entity on account of such fraud/default.

- l. In case of **change in directors or in the key managerial personnel ( which includes Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and Compliance Officer)** the following information is to be given
  - i. reason for change viz. appointment, resignation, removal, death or otherwise;
  - ii. date of appointment/cessation (as applicable) & term of appointment;
  - iii. brief profile (in case of appointment);
  - iv. disclosure of relationships between directors (in case of appointment of a director).
- m. In case of **resignation of the auditor** of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.
- h. In case of **resignation of an independent director**, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
  - i. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.
  - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
  - 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 detailed reasons as specified in sub-clause (i) above.
- i. In case the listed entity **appoints a new share transfer agent or discontinues an existingshare transfer agent**, the reason for appointment or discontinuation and the date on which above would become effective.
- j. In case the listed entity is involved in a **Corporate debt restructuring** the information that is to be disclosed is
  - i. whether CDR is voluntary and reasons for opting or referred by lenders/creditors;
  - ii. details of the loan to be subjected to restructuring under CDR;
  - iii. brief details of the CDR proposal (if any);
  - iv. the following updates to be provided at the time of the execution and at various stages of the implementation of the CDR scheme; a) upon execution of any agreement in relation to the CDR proposal, disclose details such as date of execution, parties to the agreement and principal terms; b) details of final CDR package as approved by RBI and the lenders; c) lenders involved; d) brief summary of the CDR scheme including details of the securities, interest payment, repayment schedule, negative and other restrictive covenants.

- k. When the listed entity enters into an **One Time Settlement (OTS)** with a bank, the information to be disclosed are the reasons for opting for OTS and brief terms of the OTS.
- l. When there is a **winding-up petition filed by any party / creditors**, the information that is to be filed include reasons for such a reference/petition and the impact of such reference/petition on the listed entity.
- m. When the listed entity **issues Notices, call letters, resolutions and circulars to shareholders, debenture holders or creditors or any class of them** or advertises the same in the media, the information that is to be disclosed to the stock exchange are date of notice/call letters/resolutions etc., and brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.
- n. **Proceedings of Annual and Extraordinary General Meetings** of the listed entity shall be given within 24 hours of the general meeting and the information that is to be disclosed are date of the meeting; brief details of items deliberated and results thereof; and the manner of approval proposed for certain items (e-voting etc.).
- o. In case of amendments to memorandum and articles of association of listed entity, the amendments in brief shall be disclosed to the stock exchange.
- p. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors shall be disclosed to the stock exchange.
- q. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code must be disclosed to the stock exchange:
  - a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
  - b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
  - c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
  - d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
  - e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
  - f) Appointment/ Replacement of the Resolution Professional;
  - g) Prior or post-facto intimation of the meetings of Committee of Creditors;
  - h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A (5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
  - i) Number of resolution plans received by Resolution Professional;
  - j) Filing of resolution plan with the Tribunal;
  - k) Approval of resolution plan by the Tribunal or rejection, if applicable;

- l) Salient features, not involving commercial secrets, of the resolution plan approved by the Tribunal, in such form as may be specified;
  - m) Any other material information not involving commercial secrets.
- r. Although **outcome of Board Meetings** is included in Para A of Part A of Schedule III of the Listing Regulations, the listed entity shall notify the outcome of the board meeting which has considered the following items at its meeting **within 30 minutes of the closure of the meeting**:
- a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
  - b) any cancellation of dividend with reasons thereof;
  - c) the decision on buyback of securities;
  - d) the decision with respect to fund raising proposed to be undertaken
  - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
  - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
  - g) short particulars of any other alterations of capital, including calls;
  - h) financial results;
  - i) decision on voluntary delisting by the listed entity from stock exchange(s).

The outcome shall contain both the time of commencement of the meeting and the time of conclusion of the meeting.

- s. Listed entities shall further promptly disclose to the Exchange **regarding the material developments pertaining to default and / or Inter Creditor Agreement (ICA)**. All participants, like the listed entity, lenders and all other entities who may have access to unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 2015, in the course of developments pertaining to default and/or ICA, shall maintain the confidentiality of such information, until the same is disclosed to the Exchanges for public dissemination by the listed entity. In case there is any rumour or news on developments pertaining to default and / or ICA, the listed entity shall on its own promptly confirm or deny (as the case may be) and clarify to stock exchanges regarding the same.
- t. The listed entity shall disclose to the stock exchanges at the earliest, but not later than 24 hours on the occurrence of any of the following:
- (a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;
  - (b) minutes of the board meeting considering such request which would include the views of the board on the request;
  - (c) submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges;
  - (d) decision of the stock exchanges on such application as communicated to the listed entity;

*(3) The listed entity shall make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified in sub-regulation (4).*

The following events and the information specified in Para B of part A of Schedule III of the Regulations shall be disclosed by the listed entity only if the event or information is material after applying the test of materiality. Such a disclosure is to be given at the earliest but not later than 24 hours after the occurrence of the event or information.

- a **Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.** The listed entity shall notify the stock exchange(s) regarding the commencement of commercial production or the commencement of commercial operations of any unit/division. In cases where the listed entity has made prior intimation of date of commencement of commercial production or operations, the listed entity shall be required to disclose details in case of postponement of the date of commencement.
- b **Change in the general character or nature of business: In case the change is brought about by an Agreement / joint venture (JV) with companies,** the following information needs to be given:
- i. name of the entity(ies) with whom agreement/ JV is signed;
  - ii. area of agreement/JV;
  - iii. domestic/international;
  - iv. share exchange ratio / JV ratio;
  - v. scope of business operation of agreement / JV;
  - vi. details of consideration paid / received in agreement / JV;
  - vii. significant terms and conditions of agreement / JV in brief;
  - viii. whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";
  - ix. size of the entity(ies);
  - x. rationale and benefit expected.

***In the event that any such arrangement is called off for any reason, the same shall be disclosed along with the reasons for calling off the proposal.***

- c In case of change in the general character or nature of business brought about by **adoption of new line(s) of business**, the industry or area to which the new line of business belongs to; b) expected benefits; and c) the estimated amount to be invested is to be disclosed

**d**In case of change in the general character or nature of business is due to **closure of operations of any unit/division - (entirety or piecemeal)**, the information to be disclosed is :

- i) date of such binding agreement, if any, entered for sale of such unit/division, if any;
- ii) amount& percentage of turnover or revenue or income and net worth of the listed entity contributed by such unit or division during the last financial year;
- iii) date of closure or estimated time of closure;
- iv) reasons for closure.

- e In case **there is a capacity addition**, a) existing capacity; b) existing capacity utilization; c) proposed capacity addition; d) period within which the proposed capacity is to be added; e) investment required; f) mode of financing; g) rationale shall be given.
- f In case there is a Product launch: a) name of the product; b) date of launch; c) category of the product; d) whether caters to domestic/ international market; e) name of the countries in which the product is launched (in case of international).
- g In case of **awarding of Order or contract by the listed entity**, important terms and conditions needs to be disclosed:
- i) name of the entity to which order(s)/contract(s) is awarded;
  - ii) whether order(s) / contract(s) is awarded to domestic/ international entity
  - iii) significant terms and conditions of order(s)/contract(s) awarded, in brief;
  - iv) time period, if any, associated with the order(s)/contract(s);
  - v) broad commercial consideration or size of the order(s)/contract(s);
  - vi) whether the promoter/ promoter group/group companies have any interest in that entity to whom the order(s)/contract(s) is awarded? If Yes, nature of interest and details thereof;
  - vii) whether the same would fall within related party transactions? If yes, whether the same is done at “arm’s length”
- h In case of the listed entity has **bagged / received an order or a contract**, important terms and conditions needs to be disclosed:
- i) name of the entity awarding the order(s)/contract(s);
  - ii) significant terms and conditions of order(s)/contract(s) awarded in brief;
  - iii) whether order(s) / contract(s) have been awarded by domestic/ international entity;
  - iv) nature of order(s) / contract(s);
  - v) whether domestic or international;
  - vi) time period by which the order(s)/contract(s) is to be executed;
  - vii) broad consideration or size of the order(s)/contract(s);
  - viii) whether the promoter/ promoter group / group companies have any interest in the entity that awarded the order(s)/contract(s)? If yes, nature of interest and details thereof;
  - ix) whether the order(s)/contract(s) would fall within related party transactions? If yes, whether the same is done at “arm’s length”
- i In case of **amendment or termination of a contract** the information to be disclosed are a) name of parties to the order(s)/contract(s); b) nature of the order(s)/contract(s); c) date of execution of the order(s)/contract(s)
- j. In case of **Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s)**, Only important terms and conditions which may be as under needs to be disclosed:
- i) name(s) of parties with whom the agreement is entered;
  - ii) purpose of entering into the agreement;
  - iii) size of agreement;
  - iv) shareholding, if any, in the entity with whom the agreement is executed;

- v) significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- vi) whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- vii) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arm’s length”;
- viii) in case of issuance of shares to the parties, details of issue price, class of shares issued;
- ix) in case of loan agreements, details of lender, nature of the loan, total amount of loan granted, total amount outstanding, date of execution of the loan agreement/sanction letter, details of the security provided to the lenders for such loan;
- x) any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.;
- xi) in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s): i. name of parties to the agreement; ii. nature of the agreement; iii. date of execution of the agreement; iv. details of amendment and impact thereof or reasons of termination and impact thereof.

- k In case of **disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.**, the information to be disclosed to the stock exchange

- i. At the time of occurrence: a) expected quantum of loss/damage caused; b) whether loss/damage covered by insurance or not including amount; c) estimated impact on the production/operations in case of strikes/lock outs; d) factory/unit where the strike/lock out takes place including reasons for such strike.

- ii. Regularly, till complete normalcy is restored: a) insurance amount claimed and realized by the listed entity for the loss/damage; b) the actual amount of damage caused due to the natural calamity or other force majeure events; c) details of steps taken to restore normalcy and the impact of the natural calamity/other force majeure events on production or service, financials of the entity.

- l Effect(s) arising out of change in the regulatory framework applicable to the listed entity shall be disclosed to the exchange by the listed entity.

- m On the occurrence of any **litigation(s) / dispute(s) / regulatory action(s) with impact**, **the** listed entity shall notify the stock exchange(s) upon it or its key management personnel or its promoter or ultimate person in control becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the listed entity, the outcome of which can reasonably be expected to have an impact, the following shall be disclosed:

1. At the time of becoming the party: a) brief details of litigation viz. name(s) of the opposing party, court/ tribunal/agency where litigation is filed, brief details of dispute/litigation; b) expected financial implications, if any, due to compensation, penalty etc.; c) quantum of claims, if any;

2. Regularly till the litigation is concluded or dispute is resolved: a) the details of any change in the status and / or any development in relation to such proceedings; b) in the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and / or any development in relation to such proceedings; c) in the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the listed entity.

***In the matter of Som Distilleries and Breweries Limited, a penalty of Rs.5,00,000 was imposed on the company for the non-disclosure of the pending litigation with MSIDC and the restrictive orders of Delhi High Court and the Supreme Court.***

- n In case of any **fraud/defaults etc. by directors** (other than key managerial personnel) or employees of listed entity the information to be disclosed at the time of unearthing the fraud shall be a) nature of fraud/default/arrest; b) estimated impact on the listed entity; c) time of occurrence; d) person(s) involved; e) estimated amount involved (if any); f) whether such fraud has been reported to appropriate authorities.

The listed entity shall subsequently intimate the stock exchange(s) further details regarding the fraud/default including actual amount involved in the fraud /default (if any), actual impact of such fraud /default on the listed entity and its financials and corrective measures taken by the listed entity on account of such fraud/default.

- o In case of issue of Options **to purchase securities including any ESOP/ESPS Scheme** (including any Share Based Employee Benefit (SBEB) Scheme) at the time of instituting the scheme and vesting or exercise of options:
- i) brief details of options granted;
  - ii) whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable);
  - iii) total number of shares covered by these options;
  - iv) pricing formula;
  - v) options vested;
  - vi) time within which option may be exercised;
  - vii) options exercised;
  - viii) money realized by exercise of options;
  - ix) the total number of shares arising as a result of exercise of option;
  - x) options lapsed;
  - xi) variation of terms of options;
  - xii) brief details of significant terms;
  - xiii) subsequent changes or cancellation or exercise of such options;
  - xiv) diluted earnings per share pursuant to issue of equity shares on exercise of options.

- p In case the listed **entity gives any guarantees or indemnity or becomes a surety for any third party**, the following information shall be disclosed to the stock exchange:
- i) name of party for which such guarantees or indemnity or surety was given;
  - ii) whether the promoter/ promoter group/ group companies have any interest in this transaction? If yes, nature of interest and details thereof and whether the same is done at “arm’s length”;
  - iii) brief details of such guarantee or indemnity or becoming a surety viz. brief details of agreement entered (if any) including significant terms and conditions, including amount of guarantee;
  - iv) impact of such guarantees or indemnity or surety on listed entity
- q In case of **any grant, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approval**, the following information shall be disclosed to the stock exchange
- a) name of the regulatory or licensing authority;
  - b) brief details of the approval/license obtained/ withdrawn/ surrendered;
  - c) impact/relevance of such approval/license to the listed entity;
  - d) withdrawal/cancellation or suspension of licence/approval by the regulatory or licensing authority, with reasons for such action, estimated impact (monetary or otherwise) on the listed entity and penalty, if any;
  - e) period for which such approval/license is/was valid;
  - f) Subsequently, the listed entity shall inform the stock exchange(s), the actual impact (monetary or otherwise) along with corrective actions taken by the listed entity pursuant to the withdrawal, cancellation or suspension of the key license/ approval.

*(4) (i) The listed entity shall consider the following criteria for determination of materiality of events/ information:*

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or*
- (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;*
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of listed entity, the event / information is considered material.*

*(ii) The listed entity shall frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.*

Since Regulation 30(3) requires the disclosure of certain events only if they are material, an entity is under obligation to frame a materiality policy, which shall be approved by the board of directors. Such a policy shall determine the criteria for considering an event or information as material. As per Regulation 30(4), an event or information shall be considered material, if:

- a. the omission of an event or information is likely to result in discontinuity or alteration of event or information already available publicly; or
- b. the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date.

In case the criteria specified above are not applicable, an event or information shall be considered material if in the opinion of the board of directors of the listed entity the event or information is material in nature.

The policy shall be disclosed on the website of the listed entity.

*(5) The board of directors of the listed entity shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the listed entity's website.*

The board of directors of the listed entity shall authorize one or more Key Managerial Personnel who shall determine if an event or information is material or not for the purpose of making disclosures to stock exchange(s). The contact details of such personnel shall be also disclosed to the stock exchange(s) and on website of the listed entity

*(6) The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty-four hours from the occurrence of event or information:*

*Provided that in case the disclosure is made after twenty-four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay: Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the board meeting.*

All disclosures specified under Part A of Schedule III shall be made as soon as practically possible, but not later than 24 hours from the occurrence of the event, except for the disclosure regarding outcome of board meeting, which shall made within 30 minutes of the conclusion of the meeting. In case disclosures are made after 24 hours of the occurrence of the event or information, the entity shall also provide necessary explanation for the delay to the exchange along with the disclosure.

In case securities or the derivatives of the listed entity are listed outside India the listed entity shall ensure parity in disclosures made to the overseas stock exchange and the Indian stock exchange(s).

*(7) The listed entity shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.*

*(8) The listed entity shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.*

The listed entity shall also update the information regarding the disclosures made on a regular basis till such events are completely resolved or closed. The entity shall upload the disclosures made to the

stock exchanges on its website and the same shall be hosted for a minimum period of 5 years after which it will be archived.

*(9) The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.*

The listed entity shall all events or information with respect to its subsidiaries, which would be material to it as per the materiality policy.

*(10) The listed entity shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information:  
Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.*

*(11) The listed entity may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).*

The listed entity shall provide specific and adequate replies to all queries raised by stock exchange(s) with respect to any event or information and the listed entity may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

*(12) In case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof.*

In case an event occurs or an information is available with the listed entity, which has not been indicated in Para A or Para B of Part A of Schedule III, but which may have been material the listed entity is under an obligation to make adequate disclosures in this regard without any delay.

Para C of Part A of Schedule III states that the entity may make disclosure of such other information or event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. along with brief details thereof and any other information which is exclusively known to the listed entity.

### **When is the event said to have occurred?**

Para A states the answer to this question depends on the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required as in case of natural calamities, disruptions due to a strike or lock-out, the answer to the question would depend upon the time when the listed entity became aware of the event or obtained the information. In case of approvals or negotiations, the event can be said to have occurred upon receipt of approval of board of directors as in the case of further issue of capital by way of rights and in certain other cases on receipt of approval of both Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends or acquiring another entity, disclosure shall be made on receipt of approval for the event by the board of directors, pending shareholders' approval. In the case of events such as natural calamities the events are said to have occurred when a listed entity becomes aware of the event, or

as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

## **21. Shareholding Pattern [Regulation 31]**

*(1) The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time within the following timelines -*

- (a) one day prior to listing of its securities on the stock exchange(s);*
- (b) on a quarterly basis, within twenty-one days from the end of each quarter; and,*
- (c) within ten days of any capital restructuring of the listed entity resulting in a change exceeding two per cent of the total paid-up share capital:*

*Provided that in case of listed entities which have listed their specified securities on SME Exchange, the above statements shall be submitted on a half yearly basis within twenty-one days from the end of each half year.*

*(2) The listed entity shall ensure that hundred percent of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner as specified by the Board.*

*(3) The listed entity shall comply with circulars or directions issued by the Board from time to time with respect to maintenance of shareholding in dematerialized form.*

*All entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board.*

### **a. Statement of Shareholding Pattern**

Every listed entity must submit a statement showing the holding of securities and shareholding pattern for each class of securities that have been issued by the entity in the format specified by SEBI within the following timelines:

- a. One day prior to listing of its securities on the stock exchange(s);
- b. On a quarterly basis within 21 days of the end of each quarter; i.e. by April 21, July 21, October 21 and January 21 every year and
- c. Within 10 days of any capital restructuring exercise of the listed entity which results in a change exceeding 2% of the total paid up capital of the listed entity.

Those entities which have listed its specified securities on the SME Exchange shall file the shareholding pattern for each class of securities issued by it on a half yearly basis within 21 days from the end of each half year. It shall file the same by April 21 and October 21 every year.

### **b. Holding in Dematerialised Form**

The entity shall ensure that 100% of the shareholding of its promoters and promoter group is held in dematerialized form and the same is maintained on a continuous basis in the dematerialized form. The listed entity shall also disclose separately all the entities falling under the promoter or promoter group separately

in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals.

"Promoter" and "Promoter Group" shall have the same meaning as assigned to them respectively in clauses (za) and (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

*As per SEBI (ICDR) Regulations, 2018, **Promoter** shall include a person:*

- i. who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or
- ii. who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or
- iii. in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act:

Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity; Provided further that a financial institution, scheduled commercial bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by SEBI from time to time, shall not be deemed to be a promoter merely by virtue of the fact that 20% or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under the ICDR Regulations.

*As per SEBI (ICDR) Regulations, 2018, **Promoter Group** includes,*

- (i) the promoter;
- (ii) an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or the parent, brother or sister of the spouse); and
- (iii) in case promoter is a body corporate:
  - (A) a subsidiary or holding company of such body corporate. In other words, if A Ltd is the promoter of a company say Z Ltd, and is the subsidiary of B Ltd., then B shall belong to the promoter group. If A Ltd., has three subsidiaries, C Ltd., D Ltd and E Ltd., then while A Ltd shall be the promoter, B Ltd, C Ltd, D Ltd and E Ltd shall all belong to the promoter group
  - (B) any body corporate in which the promoter holds 20% or more of the equity share capital or which holds 20% or more of the equity share capital of the promoter. To illustrate, if Z Ltd, the issuer company is promoted by A Ltd and A Ltd in turn holds 22% of the paid-up capital of B Ltd. then B Ltd., shall be part of the promoter group of Z Ltd. On the other hand, if P Ltd holds 22% of A Ltd then P Ltd will also be treated as part of the Promoter Group.
  - (C) any body corporate in which a group of individuals or companies or combinations thereof acting in concert holds 20% or more of the equity share capital in that body corporate and also holds 20% or more of the equity share capital of the issuer and are also acting in concert, then such other body corporate shall be part of the promoter group

(iv) in case the promoter is an individual:

(A) any body corporate in which 20% or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member; To understand this, one needs to look at the shares held by the individual promoter or his immediate relative or the shares held by a partnership firm in which the individual promoter or his immediate relative is a partner or the shares held by a HUF in which the individual promoter or his immediate relative is a member. In case these entities hold more than 20% of the share capital of any Body Corporate, (listed or otherwise), such bodies corporate would be treated to be part of the promoter group.

(B) any Body Corporate in which a body corporate as provided in (A) above holds 20% or more, of the equity share capital; All the bodies corporate in which the body corporate where the individual promoter or his immediate relative or the partnership firm in which the individual promoter or his immediate relative is a partner or HUF in which the individual promoter or his immediate relative is a member hold more than 20% of the share capital, such bodies corporate shall also be treated as part of the Promoter Group of the issuer company.

(C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than twenty (20%) per cent of the total capital - In other words, all HUFs and Partnership firms in which the aggregate share of the individual promoter and his immediate relative is equal or more than 20% of the total capital, then such HUFs and partnership firms shall also be treated as a part of the promoter group of the issuer company.

(v) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group".

Provided that a financial institution, scheduled bank, foreign portfolio investor other than Category III foreign portfolio investor and mutual fund shall not be deemed to be promoter group merely by virtue of the fact that 20% or more of the equity share capital of the issuer is held by such a category of investors. It has further been provided that that financial institution, scheduled bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by SEBI from time to time shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual funds sponsored by them.

#### **c. Significant Beneficial Ownership and shareholding Pattern**

Companies which declare their Significant Beneficial Ownership as per as per Companies (Significant Beneficial Owners) Rules, 2018, shall file additional information regarding their Significant Beneficial Ownership as per Annexure V to the Shareholding Pattern filed by the listed entity.

#### **d. PAN Number and Shareholding Pattern**

The details of the shareholding of the promoters and promoter group must be accompanied with PAN Number (first holder in case of joint holding), while filing the shareholding pattern. The shareholding of the promoter and promoter group is to be consolidated on the basis of the PAN number and multiple disclosures of shareholding of the same person in different folios shall be avoided.

“Qualified Institutional Buyers” as defined under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 shall be categorized under the Category, “Institutions”. All other Public Shareholding shall be displayed under Categories “Central Government/State Government(s)/President of India” or “Non-Institutions”. The names of the shareholders who hold 1% or more than 1% of shares of listed entity is to be disclosed separately and the names of the shareholders who are persons acting in concert, if available, shall be disclosed separately.

**e. Depository Receipts and Shareholding Pattern**

As per Securities Contracts (Regulation) Rules, 1957 and Depository Receipts Scheme, 2014, the shares of a listed entity underlying depository receipts if any issued by the entity shall form part of public shareholding only if the holder of such depository receipts has the right to issue voting instruction and such depository receipts are listed on an international exchange. Accordingly, the underlying shares, against which depository receipts have been issued, held by any person belonging to Promoter and Promoter Group, shall be disclosed under category ‘Promoter and Promoter Group’ and those depository receipts which are held by persons other than Promoter and Promoter Group and satisfying the above conditions would be classified under the category ‘Public Shareholding’. The underlying shares, against which depository receipts have been issued, of a listed entity not satisfying the conditions specified under Securities Contracts (Regulation) Rules, 1957 and Depository Receipts Scheme, 2014 which are held by Public Shareholders shall be classified under category ‘Non-Public Non-Promoter shareholding’.

**f. Penalty for delay in filing**

Delay in submitting the shareholding pattern in the prescribed format with the recognized stock exchanges will attract a penalty of Rs.2000 per day of delay or non-compliance till such time the non-compliance continues.

**Format of holding of specified securities**

1. Name of Listed Entity:
2. Scrip Code/Name of Scrip/Class of Security
3. Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)
  - a. If under 31(1)(b) then indicate the report for Quarter ending
  - b. If under 31(1)(c) then indicate date of allotment/extinguishment
4. Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information: -

<b>Sr. No</b>	<b>Particulars</b>	<b>Yes*</b>	<b>No*</b>
1	Whether the Listed Entity has issued any partly paid up shares?		
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?		
3	Whether the Listed Entity has any shares against which depository receipts are issued?		
4	Whether the Listed Entity has any shares in locked-in?		
5	Whether any shares held by promoters are pledge or otherwise encumbered?		

\* If the Listed Entity selects the option 'No' for the questions above, the columns for the partly paid up shares, Outstanding Convertible Securities/Warrants, depository receipts, locked-in shares, No. of shares pledged or otherwise encumbered by promoters, as applicable, shall not be displayed at the time of dissemination on the Stock Exchange website. Also, wherever there is 'No' declared by Listed Entity in above table the values will be considered as 'Zero' by default on submission of the format of holding of specified securities.

**(i) Summary of Shareholding Pattern**

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No of fully paid-up equity shares held (IV)	No of Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No of shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of voting rights		Total as a % of (A+B+C)			No.(a)	As a % of total shares held (b)	No.(a)	As a % of total shares held (b)	
								Class : X	Class : Y	Total							
1	Promoter & Promoter Group																
2	Public																
3	Non Promoter-Non Public																
4	Shares Underlying DR																
5	Shares held by Employee Trusts																
	<b>TOTAL</b>																

Note: The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**(ii) Shareholding Pattern of the Promoter and Promoter Group**

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)		No. of shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No. of voting rights	Total as a % of (A+B+C)			No.(a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)		
<b>1)</b>	<b>Indian</b>																
(a)	Individuals / HUF																
(b)	Central / State Govt																
(c)	Financial Institutions / Banks																
(d)	Any Other (Specify)																
	<b>Sub- Total (A)(1)</b>																
<b>2)</b>	<b>Foreign</b>																
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)																
(b)	Government																
(c)	Institutions																
(d)	Foreign Portfolio Investor																
(e)	Any Other (Specify)																
	<b>Sub- Total (A)(2)</b>																
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>																

**(iii) Shareholding Pattern of our Public Shareholders**

C at eg or y (I)	Category of shareholder (II)	No. of shareho lders (III)	No of fully paid-up equity shares held (IV)	No of Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares(calculat ed as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)		No of shares Underlyi ng Outstand ing convertib le securities (Includin g Warrants ) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Numb er of equity shares held in demat erializ ed form (XIV)	
								No. of voting rights	Total as a % of (A+B+C)			No.(a )	As a % of total shares held (b)	No.(a )	As a % of total shares held (b)		
<b>1)</b>	<b>Institutions</b>																
<b>(a)</b>	Mutual Funds / UTI																
<b>(b)</b>	Venture Capital Funds																
<b>(c)</b>	Alternate Investment Funds																
<b>(d)</b>	Foreign Venture Capital Investors																
<b>(e)</b>	Foreign Portfolio Investors																
<b>(f)</b>	Financial Institutions Banks																
<b>(g)</b>	Insurance Companies																
<b>(h)</b>	Provident Funds/Pension Funds																
<b>(i)</b>	Any Other (Specify)																
	<b>Sub- Total (B)(1)</b>																
<b>2)</b>	<b>Central Government/State Government(s)/President of India</b>																
	<b>Sub- Total (B)(2)</b>																
<b>3)</b>	<b>Non Institutions</b>																
<b>(a)</b>	Individuals - i. Individual shareholders holding nominal share capital up to ₹2 lakhs.																
	ii. Individual shareholders holding nominal share capital in excess of ₹2 lakhs.																
<b>(b)</b>	NBFCs registered with RBI																
<b>(c)</b>	Employee Trust																
<b>(d)</b>	Overseas Depositories (holding																

	D₃ (balancing figure)															
(e)	Any other (Specify)															
(f)	<b>Sub- Total (B)(3)</b>															
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>															

**(iv) Statement showing shareholding pattern of the Non Promoter-Non Public Shareholder**

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No of fully paid-up equity shares held (IV)	No of Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares(calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)		No of shares Underlying Outstanding convertible securities (Including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No. of voting rights	Total as a % of (A+B+C)			No.(a)	As a % of total shares held (b)	No.(a)	As a % of total shares held (b)		
1)	<b>Custodian/DR Holder</b>																
	Name of DR Holder (If available)																
	<b>Subtotal (C) (1)</b>																
2)	Employee Benefit Trust (Under SEBI (Share based Employee Benefit) Regulations, 2014)																
	<b>Subtotal (C) (2)</b>																
	<b>Total Non-Promoter - Non Public Shareholding (C)=(C)(1)+(C)(2)</b>																

**Table V- Statement showing details of significant beneficial owners (SBOs)**

Sr.No	Details of the SBO (I)			Details of the registered owner (II)			Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect* (III)		Date of creation / acquisition of significant beneficial interest# (IV)
	Name	PAN/ Passport No. in case of a foreign national	Nationality	Name	PAN/ Passport No. in case of a foreign national	Nationality	Whether by virtue of:		
							shares	.....%	
							Voting rights	.....%	
							Rights on distributable dividend or any other distribution	.....%	
							Exercise of control		
							Exercise of significant influence		

In case the nature of the holding/ exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.

# This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar

## **22. Reclassification of any Person as Promoter / Public [Regulation 31A]**

*(1) For the purpose of this regulation:*

*(a) "promoter(s) seeking re-classification" shall mean all such promoters/persons belonging to the promoter group seeking re-classification of status as public.*

*(b) "persons related to the promoter(s) seeking re-classification" shall mean such persons with respect to that promoter(s) seeking re-classification who fall under sub-clauses (ii), (iii) and (iv) of clause (pp) of sub-regulation (1) of regulation 2 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.*

All persons who belong to the promoter or related to the promoter as defined under the SEBI (ICDR) Regulations, can seek reclassification under Regulation 31A of the Listing Regulations.

### **a. Receipt of an application from Promoter or Public**

*(2) Re-classification of the status of any person as a promoter or public shall be permitted by the stock exchanges only upon receipt of an application from the listed entity along with all relevant documents subject to compliance with conditions specified in these regulations;*

*Provided that in case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly decide on the application.*

Reclassification of status as a promoter or as a part of the public shall be permitted by the stock exchange only on receipt of an application from the listed entity along with all the documents specified and within the time frame specified. In case the entity is listed on more than one stock exchange, the exchanges shall jointly decide and dispose of the application.

### **b. Conditions to be fulfilled in case of reclassification from promoter to public**

*(3) Re-classification of status of a promoter/ person belonging to promoter group to public shall be permitted by the stock exchanges only upon satisfaction of the following conditions:*

*(a) an application for re-classification to the stock exchanges has been made by the listed entity consequent to the following procedures and not later than thirty days from the date of approval by shareholders in general meeting:*

*(i) the promoter(s) seeking re-classification shall make a request for re-classification to the listed entity which shall include rationale for seeking such re-classification and how the conditions specified in clause (b) below are satisfied;*

*(ii) the board of directors of the listed entity shall analyze the request and place the same before the shareholders in a general meeting for approval along with the views of the board of directors on the request:*

*Provided that there shall be a time gap of at least three months but not exceeding six months between the date of board meeting and the shareholder's meeting considering the request of the promoter(s) seeking re-classification.*

*(iii) the request of the promoter(s) seeking re-classification shall be approved in the general meeting by an ordinary resolution in which the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not vote to approve such re-classification request.*

*(b) the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not:*

*(i) together, hold more than ten percent of the total voting rights in the listed entity;*

- (ii) exercise control over the affairs of the listed entity directly or indirectly;*
- (iii) have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements;*
- (iv) be represented on the board of directors (including not having a nominee director) of the listed entity;*
- (v) act as a key managerial person in the listed entity;*
- (vi) be a 'wilful defaulter' as per the Reserve Bank of India Guidelines;*
- (vii) be a fugitive economic offender.*

*(c) the listed entity shall:*

- (i) be compliant with the requirement for minimum public shareholding as required under regulation 38 of these regulations;*
- (ii) not have trading in its shares suspended by the stock exchanges;*
- (iii) not have any outstanding dues to the Board, the stock exchanges or the depositories.*

*(4) The promoter(s) seeking re-classification, subsequent to re-classification as public, shall comply with the following conditions:*

- (a) he shall continue to comply with conditions mentioned at sub-clauses (i), (ii) and (iii) of clause (b) of sub-regulation 3 as specified above at all times from the date of such re-classification failing which, he shall automatically be reclassified as promoter/ persons belonging to promoter group, as applicable;*
- (b) he shall comply with conditions mentioned at sub-clauses (iv) and (v) of clause (b) of sub-regulation 3 for a period of not less than three years from the date of such re-classification failing which, he shall automatically be reclassified as promoter/ persons belonging to promoter group, as applicable.*

The stock exchanges shall permit re-classification of status of a promoter/ person belonging to promoter group to public only upon satisfaction of the following conditions:

The applicant shall make a request to the listed entity and such a request shall carry the rationale for seeking re-classification and justify how the following conditions are satisfied by the applicant and the persons related to him / acting in concert with him:

- (i) does not hold either by himself or with persons related with him more than 10% of the total voting rights in the listed entity;*
- (ii) does not exercise control over the affairs of the listed entity directly or indirectly;*
- (iii) does not have any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements along with;*
- (iv) is not represented on the board of directors of the listed entity and shall not have a nominee director also.*
- (v) does not act as a key managerial person in the listed entity;*
- (vi) is not a 'wilful defaulter' as per the guidelines issued by the Reserve Bank of India; and*
- (vii) is not a fugitive economic offender. A fugitive economic offender is one who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018);*

The board of directors shall analyse the request, provide their views and place the same before the shareholders in a general meeting for approval. There shall be a gap of at least 3 months and not more than 6 months from the date of the board meeting and the general meeting of the shareholders

The request of the promoter(s) seeking re-classification shall be approved by the shareholders in the general meeting by way of an ordinary resolution and the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not vote to approve such a resolution. The listed entity shall thereafter make an application for re-classification to the stock exchanges not later than 30 days from the date of approval by the shareholders in the general meeting.

An entity which is making an application for re-classification shall be compliant with the requirements of minimum public shareholding (25% of the total paid up capital) as stipulated under Regulation 38 of the Listing Regulations. The shares of the company should not have been suspended from trading and the company should not have any outstanding dues to SEBI, Stock Exchanges or the depositories.

Once the application for re-classification is approved by the stock exchange(s), the promoter(s) seeking re-classification, shall continue to comply with the following conditions at all times, failing which he shall be automatically be re-classified as a promoter or person belonging to the promoter group.

- a. not hold 10% or more of the voting rights of the entity.
- b. not exercise control over the listed entity either directly or indirectly
- c. not have any special rights with respect to the listed entity through formal or informal arrangements including through shareholder agreements.
- d. not be represented on the board of directors (including not having a nominee director) of the listed entity;
- e. not act as a key managerial person in the listed entity

These provisions shall not apply, if re-classification of promoter(s)/ promoter group of the listed entity is as per the resolution plan approved under section 31 of the Insolvency Code, subject to the condition that such promoter(s) seeking re-classification shall not remain in control of the listed entity.

**c. Reclassification of a person belonging to public to Promoter**

5. *If any public shareholder seeks to re-classify itself as promoter, it shall be required to make an open offer in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.*

If any person who is a public shareholder of the entity is desirous of re-classifying himself / herself / itself as a promoter, such a re-classification can be done only after the public shareholder makes an open offer in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**d. Reclassification in case of Transmission or Succession or Gift**

*In case of transmission, succession, inheritance and gift of shares held by a promoter/ person belonging to the promoter group:*

*(a) immediately on such event, the recipient of such shares shall be classified as a promoter/ person belonging to the promoter group, as applicable.*

*(b) subsequently, in case the recipient classified as a promoter/person belonging to the promoter group proposes to seek re-classification of status as public, it may do so subject to compliance with conditions specified in sub-regulation (3) above.*

*(c) in case of death of a promoter/person belonging to the promoter group, such person shall automatically cease to be included as a promoter/person belonging to the promoter group.*

In case a person becomes a shareholder on account of transmission, succession, inheritance or a gift of shares held by a promoter/ person belonging to the promoter group, the recipient of such shares shall immediately be classified as a promoter/ person belonging to the promoter group. In case the recipient classified as a promoter/person belonging to the promoter group subsequently seeks re-classification of status as public, such a recipient it may do so on compliance with the conditions and procedure stated above.

In case of death of a promoter/person belonging to the promoter group, such person shall automatically cease to be a part of the promoter group.

**e. An entity with no promoters**

*7. A listed entity shall be considered as 'listed entity with no promoters' if due to re-classification or otherwise, the entity does not have any promoter;*

An entity shall be considered as a 'listed entity with no promoters' if the entity does not have any promoter due to re-classification or otherwise.

**f. Disclosure as a material event**

*(8) The following events shall be deemed to be material events and shall be disclosed by the listed entity to the stock exchanges as soon as reasonably possible and not later than twenty-four hours from the occurrence of the event:*

*(a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;*

*(b) minutes of the board meeting considering such request which would include the views of the board on the request;*

*(c) submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges;*

*(d) decision of the stock exchanges on such application as communicated to the listed entity;*

This has been discussed under Regulation 30 as per which any receipt of application for re-classification, conclusion of board meeting considering such a request, submission of application for reclassification and the decision of the stock exchange on such an application shall be disclosed to the stock exchange within 24 hours of the occurrence of the event.

**23. Statement of Deviation or Variation [Regulation 32]**

*(1) The listed entity shall submit to the stock exchange the following statement(s) on a quarterly basis for public issue, rights issue, preferential issue etc., -*

*(a) indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable;*

*(b) indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilisation of funds.*

*(2) The statement(s) specified in sub-regulation (1), shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.*

*(3) The statement(s) specified in sub-regulation (1), shall be placed before the audit committee for review and after such review, shall be submitted to the stock exchange(s).*

*(4) The listed entity shall furnish an explanation for the variation specified in sub-regulation (1), in the directors' report in the annual report.*

*(5) The listed entity shall prepare an annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the listed entity, and place it before the audit committee till such time the full money raised through the issue has been fully utilized.*

*(6) Where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue, the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency.*

*(7) Where the listed entity has appointed a monitoring agency to monitor the utilisation of proceeds of a public or rights issue, the monitoring report of such agency shall be placed before the audit committee on an annual basis, promptly upon its receipt.*

*Explanation.- For the purpose of this sub-regulation, "monitoring agency" shall mean the monitoring agency specified in regulation 16 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.*

*(7A) Where an entity has raised funds through preferential allotment or qualified institutions placement, the listed entity shall disclose every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized.*

*(8) For the purpose of this regulation, any reference to "quarterly/quarter" in case of listed entity which have listed their specified securities on SME Exchange shall respectively be read as "half yearly/half year"*

Every listed entity which raises funds through a public, rights or preferential issue of securities shall submit on a quarterly basis to the stock exchange a statement of deviation or variation as the case may be if any in the use of the issue proceeds from the objects stated in the offer document in the case of a public issue or rights issue and from the objects stated in the explanatory statement to the notice for the general meeting in case of preferential issue.

This statement shall be submitted to the stock exchange after the same has been placed before the audit committee for review and has been reviewed by the Audit Committee. The entities which are listed on the SME Exchange shall disclose the same on a half yearly basis.

The variation shall be category wise (capital expenditure, sales and marketing, working capital etc.) between the projected utilization of funds made in the offer document in case of a public / rights issue and explanatory statement to the notice for the general meeting in case of a preferential issue and the actual utilization of funds. The listed entity is under an obligation to give the statement of variation or deviation till funds raised has been fully utilized.

Apart from submitting the statement of variation to the stock exchange(s), the entity shall also give an explanation for the variation in the directors' report included in the Annual Report of the entity.

In addition to the above, the entity shall also prepare a statement of funds utilized for purposes other than those expenses which had been specified in the offer document / prospectus / notice, annually which shall be certified by the statutory auditors of the listed entity till such time the entire amount raised through the issue of capital has been fully utilized. Such a statement shall be placed before the Audit Committee for their review.

Where the listed entity has appointed a monitoring agency as required under the SEBI (ICDR) Regulations, 2018 to monitor the utilization of proceeds of a public or a rights issue, the listed entity shall also submit any comments or report received from the monitoring agency to the stock exchange(s) and such comments or report shall be placed before the Audit Committee on its receipt.

Where a listed entity has raised funds on a preferential basis or through a qualified institutions placement, the listed entity shall disclose the utilization of funds raised in this manner in its Annual Report, annually till the funds raised through the preferential issue or qualified institutions placement is fully utilized.

Any delay in the filing of the statement of deviation and/ or variation of utilization of funds shall attract a penalty of Rs. 1,000 per day of delay or non-compliance till such time the non-compliance continues.

SEBI has recently prescribed the format for the disclosure of the statement of variation and deviation of utilization of issue proceeds which is as under:

#### Format of Statement of Deviation / Variation in utilization of funds raised

Name of the Listed Entity	
Mode of Fund Raising	Public Issues / Rights Issues / Preferential Issues / QIP / Others
Date of Raising funds	
Amount raised	
Report filed for quarter ended	
Monitoring Agency	
Monitoring Agency Name, if applicable	
Is there a variation / deviation in the funds raised	Yes / No
If yes, whether the same is pursuant to change in terms of a contract or objects, which was approved by the shareholders	
If yes, Date of Shareholders approval	

Explanation for the deviation / variation						
Comments of the Audit Committee after review						
Comments of the Auditors, if any						
Objects for which funds have been raised and where there has been a deviation, in the following table						
Original Object	Modified Object, if any	Original Allocation	Modified Allocation if any	Funds Utilised	Amount of Deviation/Variation for the quarter according to applicable object	Remarks if any
Deviation or variation could mean: (a) Deviation in the objects or purposes for which the funds have been raised or (b) Deviation in the amount of funds actually utilized as against what was originally disclosed or (c) Change in terms of a contract referred to in the fund-raising document i.e. prospectus, letter of offer, etc.						
Name of Signatory						
Designation						

## 24. Financial Results [Regulation 33]

### *a. Preparation of Financial Results*

*(1) While preparing financial results, the listed entity shall comply with the following:*

*(a) The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods.*

*(b) The quarterly and year to date results shall be prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 or Indian Accounting Standard 31 (AS 25/ Ind AS 34 – Interim Financial Reporting), as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the Institute of Chartered Accountants of India, whichever is applicable.*

*(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:*

*Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.*

*(d) The listed entity shall ensure that the limited review or audit reports submitted to the stock exchange(s) on a quarterly or annual basis are to be given only by an auditor who has subjected*

*himself to the peer review process of Institute of Chartered Accountants of India and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.*

*(e) The listed entity shall make the disclosures specified in Part A of Schedule IV.*

The Regulations specify that the financial results of the listed entity shall be prepared on the basis of accrual accounting policy and shall be in accordance with the uniform accounting practices adopted by the entity for all the past periods. *The Whole Time Member in the matter of Kavit Industries Ltd has levied a penalty for not confirming to the accounting practices and policies followed by the company.* The quarterly results and the year to date results shall be prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 or Indian Accounting Standard 31 (AS 25/ Ind AS 34 – Interim Financial Reporting specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the Institute of Chartered Accountants of India, whichever is applicable.

The standalone financial results and the consolidated financial results shall be prepared as per Generally Accepted Accounting Principles (Indian GAAP) in India. The listed entity may however also submit the financial results as per the International Financial Reporting Standards (IFRS) notified by the International Accounting Standards Board.

The unaudited quarterly results shall be subject to limited review and such report shall be given only by an auditor who has subject himself to the peer review process of the Institute of Chartered Accountants of India and must hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The same is also applicable to the auditor who provides the audit report for the annual results. The limited review of financial results of a public sector undertaking may be undertaken by any practicing Chartered Accountant and such an auditor need not have to be peer reviewed.

The entity shall make the disclosures as specified in Part A of Schedule IV which is as under:

## **PART A OF SCHEDULE IV OF THE LODR REGULATIONS**

### **DISCLOSURE IN FINANCIAL RESULTS**

*The listed entity shall disclose the following while preparing the financial results: -*

*A. Changes in accounting policies, if any, shall be disclosed in accordance with Accounting Standard 5 or Indian Accounting Standard 8, as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or by the Institute of Chartered Accountants of India, whichever is applicable.*

*B. If the auditor has expressed any modified opinion(s) in respect of audited financial results submitted or published under this para, the listed entity shall disclose such modified opinion(s) and cumulative impact of the same on profit or loss, net worth, total assets, turnover/total income, earning per share, total expenditure, total liabilities]130 or any other financial item(s) which may be impacted due to modified opinion(s) while publishing or submitting such results.*

*BA. If the auditor has expressed any modified opinion(s), the management of the listed entity has the option to explain its views on the audit qualifications and the same shall be included in the Statement on Impact of Audit Qualifications (for audit report with modified opinion).*

*BB. With respect to audit qualifications where the impact of the qualification is not quantifiable:*

*i. The management shall mandatorily make an estimate which the auditor shall review and report accordingly.*

*ii. Notwithstanding the above, the management may be permitted to not provide estimate on matters like going concerns or sub-judice matters; in which case, the management shall provide the reasons and the auditor shall review the same and report accordingly.*

*C. If the auditor has expressed any modified opinion(s) or other reservation(s) in his audit report or limited review report in respect of the financial results of any previous financial year or quarter which has an impact on the profit or loss of the reportable period, the listed entity shall include as a note to the financial results –*

*(i) how the modified opinion(s) or other reservation(s) has been resolved; or*

*(ii) if the same has not been resolved, the reason thereof and the steps which the listed entity intends to take in the matter.*

*D. If the listed entity has changed its name suggesting any new line of business, it shall disclose the net sales or income, expenditure and net profit or loss after tax figures pertaining to the said new line of business separately in the financial results and shall continue to make such disclosures for the three years succeeding the date of change in name:*

*Provided that the tax expense shall be allocated between the said new line of business and other business of the listed entity in the ratio of the respective figures of net profit before tax, subject to any exemption, deduction or concession available under the tax laws.*

*E. If the listed entity had not commenced commercial production or commercial operations during the reportable period, the listed entity shall, instead of submitting financial results, disclose the following details:*

*(i) details of amount raised i.e. proceeds of any issue of shares or debentures made by the listed entity;*

*(ii) the portions thereof which is utilized and that remaining unutilized;*

*(iii) the details of investment made pending utilisation;*

*(iv) brief description of the project which is pending completion;*

*(v) status of the project and*

*(vi) expected date of commencement of commercial production or commercial operations:*

*Provided that the details mentioned above shall be approved by the board of directors based on certification by the chief executive officer and chief financial officer.*

*F. All items of income and expenditure arising out of transactions of exceptional nature shall be disclosed.*

*G. Extraordinary items, if applicable, shall be disclosed in accordance with Accounting Standard 5 (AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) or Companies (Accounting Standards) Rules, 2006, whichever is applicable,*

*H. The listed entity, whose revenues are subject to material seasonal variations, shall disclose the seasonal nature of their activities and the listed entity may supplement their financial results*

*with information for the twelve-month period ending on the last day of the quarter for the current and preceding years on a rolling basis.*

*I. The listed entity shall disclose any event or transaction which occurred during or before the quarter that is material to an understanding of the results for the quarter including but not limited to completion of expansion and diversification programmes, strikes and lock-outs, change in management, change in capital structure and the listed entity shall also disclose similar material events or transactions that take place subsequent to the end of the quarter.*

*J. The listed entity shall disclose the following in respect of dividends paid or recommended for the year, including interim dividends:*

*(i) amount of dividend distributed or proposed for distribution per share; the amounts in respect of different classes of shares shall be distinguished and the nominal values of shares shall also be indicated;*

*(ii) where dividend is paid or proposed to be paid pro-rata for shares allotted during the year, the date of allotment and number of shares allotted, pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed to be paid on pro-rata basis.*

*K. The listed entity shall disclose the effect on the financial results of material changes in the composition of the listed entity, if any, including but not limited to business combinations, acquisitions or disposal of subsidiaries and long-term investments, any other form of restructuring and discontinuance of operations.*

*L. The listed entity shall ensure that segment reporting is done in accordance with AS-17 or Indian Accounting Standard 108 as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or by the Institute of Chartered Accountants of India, whichever is applicable.*

**b. Approval and authentication of the financial results**

*(2) The approval and authentication of the financial results shall be done by listed entity in the following manner:*

*(a) The quarterly financial results submitted shall be approved by the board of directors:*

*Provided that while placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.*

*(b) The financial results submitted to the stock exchange shall be signed by the chairperson or managing director, or a whole-time director or in the absence of all of them; it shall be signed by any other director of the listed entity who is duly authorized by the board of directors to sign the financial results.*

*(c) The limited review report shall be placed before the board of directors, at its meeting which approves the financial results, before being submitted to the stock exchange(s).*

*(d) The annual audited financial results shall be approved by the board of directors of the listed entity and shall be signed in the manner specified in clause (b) of sub-regulation (2).*

The quarterly financial results submitted to the stock exchanges shall be approved by the board of directors. The board of directors shall approve the same only after receiving a certificate from the Chief Executive Officer and Chief Financial Officer of the listed entity certifying that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading as specified in Part B of Schedule II of the Listing Regulations. A specimen certificate is given below:

**COMPLIANCE CERTIFICATE**

*We hereby certify that we have reviewed the financial statements and the cash flow statement for the quarter / year and that to the best of their knowledge and belief:*

- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*
- (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.*

.....  
*Chief Executive Officer*  
.....02/2020

.....  
*Chief Financial Officer*  
.../02/2020

The Whole Time Member in the matter of Ritman Infra has passed restrictive orders against the entity due to false certification provided by the Chief Financial Officer.

The limited review report of the auditors in case of unaudited quarterly results shall be placed along with the financial results before the meeting of the board of directors which is approving the financial results before submitted the same to the stock exchange(s).

The financial results shall be signed by the Managing Director or Whole Time Director and in the absence of the two, by any of the directors duly authorized by the Board.

**c. Submission of the financial results**

*(3) The listed entity shall submit the financial results in the following manner:*

*(a) The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.*

*(b) In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity 67[shall] also submit quarterly/year-to-date consolidated financial results*

*(c) The quarterly and year-to-date financial results may be either audited or unaudited subject to the following:*

*(i) In case the listed entity opts to submit unaudited financial results, they shall be subject to limited review by the statutory auditors of the listed entity and shall be accompanied by the limited review report.*

*Provided that in case of public sector undertakings this limited review may be undertaken by any practicing Chartered Accountant.*

*(ii) In case the listed entity opts to submit audited financial results, they shall be accompanied by the audit report.*

*(d) The listed entity shall submit [annual]70 audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and [Statement on Impact of Audit Qualifications (applicable only)]71 for audit report with modified opinion):*

*Provided that if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and Statement on Impact of Audit Qualifications applicable only72 for audit report with modified opinion)*

*Provided further that, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.*

*(e) The listed entity shall also submit the audited or limited reviewed financial results in respect of the last quarter along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the current financial year.*

*(f) The listed entity shall also submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities as at the end of the half-year.*

*(g) The listed entity shall also submit as part of its standalone and consolidated financial results for the half year, by way of a note, statement of cash flows for the half-year.*

*(h) The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least eighty percent of each of the consolidated revenue, assets and profits, respectively, shall have been subject to audit or in case of unaudited results, subjected to limited review.*

*(i) The listed entity shall disclose, in the results for the last quarter in the financial year, by way of a note, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.*

The entity shall submit its quarterly and year-to-date standalone financial results to the stock exchange(s) within 45 days of the end of each quarter. by August 14, November 15 and February 15 every year. This does not apply to the last quarter. In case the entity has subsidiaries / associates / joint ventures, it shall also submit quarterly and year-to-date consolidated financial results within 45 days of the end of each quarter except the last quarter. SEBI has clarified this to Shriram Transport Finance Ltd by way of an Informal Guidance. The entity may submit either audited or unaudited

quarterly year-to-date results. In case, the company opts to submit unaudited results, the same shall be subject to limited review and accompanied by a limited review report. In case the listed entity opts to submit audited financial results, the same shall be accompanied by the audit report.

The listed entity shall submit annual audited standalone financial results for the financial year within 60 days from the end of the financial year along with the audit report and the audited financial results shall be accompanied by a Statement on Impact of Audit Qualifications in case the Audited results have a modified opinion. In case the listed entity has subsidiaries, it shall also submit the consolidated annual audited financial results along with the audit report and Statement on Impact of Audit Qualifications in case the audit report has a modified opinion. The listed entity shall also submit either the audited financial results for the last quarter or limited reviewed financial results, along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the current financial year.

The listed entity shall also submit a statement of assets and liabilities as at the end of the half year and a statement of cash flows for the half year along with its standalone or consolidated financial results for the half year. The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least 80% of each of the consolidated revenue, assets and profits, respectively, shall either have been subject to an audit or a limited review. The listed entity shall disclose, by way of a note, in the results for the last quarter in the financial year, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.

#### **d. Formats of Financial Results**

*(4) The applicable formats of the financial results and [Statement on Impact of Audit Qualifications (for audit report with modified opinion)] shall be in the manner as specified by the Board*

The financial results and the Statement on Impact of Audit Qualifications (for audit report with modified opinion) shall be in the format as specified by SEBI from time to time. SEBI vide Circular No: CIR/CFD/FAC/62/2016 dated July 05, 2016 has specified that the formats for Unaudited/Audited quarterly financial results i.e. Statement of Profit and Loss and the Unaudited/Audited Half Yearly Balance Sheet to be submitted by the Listed Entities, with the stock exchanges. Listed entities shall submit the financial results in the formats as prescribed in Schedule III to the Companies Act, 2013 for the period ending on or after March 31, 2017. However, Banking Companies and Insurance Companies shall follow the formats as prescribed under the respective Acts/Regulations as specified by their Regulators.

Separate formats are prescribed for:-

- a) Companies other than Banks
- b) Companies that are Banks
- c) Companies that are eligible for submitting results in the alternative format
- d) Segmentwise revenue, results and capital employed

### **Format of the Limited Review Report:**

The format of the limited review report shall be in accordance with the formats specified by SEBI vide Circular No: CIR/CFD/CMD1/44/2019 dated March 29, 2019 and modified / substituted by SEBI vide its circular No: CIR/CFD/CMD1/ 80 /2019 dated July 19, 2019. Separate formats of the limited review reports are applicable as under:-

- 1) Listed entities other than Banks and Insurance companies on a standalone basis for quarterly / half yearly results
- 2) Listed entities other than Banks and Insurance companies presenting consolidated quarterly / half yearly results
- 3) Listed entities other than Banks and Insurance companies on a standalone basis for annual results
- 4) Listed entities other than Banks and Insurance companies presenting consolidated annual results

However, audit reports for Banking Companies and Insurance Companies shall follow the formats as prescribed under the respective Acts/Regulations as specified by their Regulators.

#### **e. Submissions by entities listed on the SME Exchange**

*(5) For the purpose of this regulation, any reference to “quarterly/quarter” in case of listed entity which has listed their specified securities on SME Exchange shall be respectively read as “half yearly/half year” and the requirement of submitting ‘year-to-date’ financial results shall not be applicable for a listed entity which has listed their specified securities on SME Exchange.*

For those entities listed on the SME Exchange, it is sufficient if the financial results are submitted on a half yearly basis and the requirement of submitting ‘year-to-date’ financial results shall not be applicable.

#### **f. Review by the Stock Exchange**

- i. *The Statement on Impact of Audit Qualifications for audit report with modified opinion)<sup>79</sup> and the accompanying annual audit report submitted in terms of clause (d) of sub-regulation (3) shall be reviewed by the stock exchange(s).*

#### **g. Audit of the entities by the statutory auditor**

*(7) The statutory auditor of a listed entity shall undertake a limited review of the audit of all the entities/ companies whose accounts are to be consolidated with the listed entity as per AS 21 in accordance with guidelines issued by the Board on this matter.*

The statutory auditor of a listed entity shall undertake a limited review of the audit of all the entities/ companies whose accounts are to be consolidated with the listed entity as per AS 21 in accordance with guidelines issued by SEBI on this matter.

#### **h. Penalty in case of delayed submission or non-submission of financial results**

Non-submission of the financial results within the period prescribed under Regulation 33 will attract a fine of Rs.5,000 per day till the non-compliance continues along with the requirement of providing reasons for non-submission of the financial result as per circular no. CIR/CFD/CMD-1/142/2018 dated November 19, 2018.

## **25. Annual Report [Regulation 34]**

### **a. Submission of Annual Report**

*(1) The listed entity shall submit to the stock exchange and publish on its website-*

*(a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders;*

*(b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.*

Every listed entity shall submit to the stock exchange(s) and publish on its website a copy of its annual report along with the notice of the annual general meeting on any day which is not later than the day of commencement of dispatch of the annual report to its shareholders. In case there are any changes to the annual report, the changes must be incorporated in the annual report and the revised copy of the annual report shall be filed along with the details of the change and explanation as to why the changes are being made and sent to the stock exchange(s) not later than 48 hours after the Annual General Meeting.

### **b. Contents of the Annual Report**

*(2) The annual report shall contain the following:*

*(a) audited financial statements i.e. balance sheets, profit and loss accounts etc. and Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d), if applicable;*

*(b) consolidated financial statements audited by its statutory auditors;*

*(c) cash flow statement presented only under the indirect method as prescribed in Accounting Standard-3 or Indian Accounting Standard 7, as applicable, specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the Institute of Chartered Accountants of India, whichever is applicable;*

*(d) directors report;*

*(e) management discussion and analysis report - either as a part of directors' report or addition thereto;*

*(f) for the top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year, business responsibility report describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board from time to time:*

*Provided that listed entities other than top one thousand listed companies based on market capitalization and listed entities which have listed their specified securities on SME Exchange, may include these business responsibility reports on a voluntary basis in the format as specified.*

The annual report shall contain the audited financial statements i.e. balance sheet, profit and loss account, Statement of Impact of Audit Qualifications as stipulated in Regulation 33(d) of the Listing Regulations, if applicable, consolidated financial statements audited by the statutory auditors of the listed entity, cash flow statement presented only under the indirect method as prescribed in Accounting Standard-3 or Indian Accounting Standard 7, as applicable and as specified in Section 133 of the Companies Act, 2013 read with relevant rules framed thereunder or as specified by the Institute of Chartered Accountants of India, whichever is applicable, Directors Report and the management discussion and analysis report - either as a part of directors report or addition thereto.

In addition, the top 1000 entities by market capitalization shall also include a Business Responsibility Report in the specified format describing the initiatives taken by them for environment, social and governance. The format specified is as under:

## **FORMAT OF THE BUSINESS RESPONSIBILITY REPORT**

### **SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1. Corporate Identity Number (CIN) of the Company:
2. Name of the Company:
3. Registered address:
4. Website:
5. E-mail id:
6. Financial Year reported:
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Sr. No.	Description	NIC Code of the Product/service
1		

8. List three key products/services that the Company manufactures/provides  
(as in balance sheet)
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations:
  - (b) Number of National Locations:
10. Markets served by the Company

### **SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1. Paid up Capital (INR): -----
2. Total Turnover (INR): \_\_\_\_\_
3. Total profit after taxes (INR): \_\_\_\_\_
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax
5. List of activities in which expenditure in 4 above has been incurred: -

**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies?
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

**SECTION D: BR INFORMATION**

(1). Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number
2. Name
3. Designation

(b) Details of the BR head

No.	Particulars	Detail
1	DIN Number (if applicable)	
2	Name	
3	Designation	
4	Telephone number	
5	e-mail id	

(2). Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1	Do you have a policy/ policies for...									
2	Has the policy being formulated in consultation with the relevant stakeholders?									
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)									
4	Has the policy being approved by the Board?  Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?									
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?									
6	Indicate the link for the policy to be viewed online?									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?									
8	Does the company have in-house structure to implement the policy/ policies?									
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?									
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?									

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

(3) Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? –

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - (a)
  - (b)
  - (c)
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
  - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
  - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
  - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
  - (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

### Principle 3

1. Please indicate the Total number of employees.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
3. Please indicate the Number of permanent women employees.
4. Please indicate the Number of permanent employees with disabilities
5. Do you have an employee association that is recognized by management.
6. What percentage of your permanent employees is members of this recognized employee association?
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour		

2	Sexual harassment		
3	Discriminatory employment		

8. What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees
- (b) Permanent Women Employees
- (c) Casual/Temporary/Contractual Employees
- (d) Employees with Disabilities

#### **Principle 4**

1. Has the company mapped its internal and external stakeholders?
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

#### **Principle 5**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

#### **Principle 6**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
3. Does the company identify and assess potential environmental risks? Y/N
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

#### **Principle 7**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

#### **Principle 8**

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
3. Have you done any impact assessment of your initiative?
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

#### **Principle 9**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
2. Does the company display product information on the product label, over and above what is mandated as per local laws?:
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?

*(3) The annual report shall contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.*

The annual report shall also contain all other disclosures as specified in Companies Act, 2013 and the other requirements as specified in Schedule V of the Listing Regulations. Schedule V is reproduced below:

#### **SCHEDULE V OF THE LISTING REGULATIONS**

*The annual report shall contain the following additional disclosures:*

##### **A. Related Party Disclosure:**

- 1. The listed entity shall make disclosures in compliance with the Accounting Standard on "Related Party Disclosures".*
- 2. The disclosure requirements shall be as follows:*

<i>Sr.No</i>	<i>In the Accounts of</i>	<i>Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year</i>
<i>1</i>	<i>Holding Company</i>	<ul style="list-style-type: none"> <li><i>• Loans and advances in the nature of loans to subsidiaries by name and amount.</i></li> <li><i>• Loans and advances in the nature of loans to associates by name and amount.</i></li> <li><i>• Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount</i></li> </ul>
<i>2</i>	<i>Subsidiary Company</i>	<i>Same disclosures as applicable to the parent company in the accounts of subsidiary company</i>
<i>3</i>	<i>Holding Company</i>	<i>Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.</i>

*For the purpose of above disclosures directors' interest shall have the same meaning as given in Section 184 of Companies Act, 2013.*

- 2A. Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results.*
- 3. The above disclosures shall be applicable to all listed entities except for listed banks.*

## **B. Management Discussion and Analysis:**

1. *This section shall include discussion on the following matters within the limits set by the listed entity's competitive position:*

*(a) Industry structure and developments.*

*(b) Opportunities and Threats.*

*(c) Segment-wise or product-wise performance.*

*(d) Outlook*

*(e) Risks and concerns.*

*(f) Internal control systems and their adequacy.*

*(g) Discussion on financial performance with respect to operational performance.*

*(h) Material developments in Human Resources / Industrial Relations front, including number of people employed.*

*(i) details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:*

*(i) Debtors Turnover*

*(ii) Inventory Turnover*

*(iii) Interest Coverage Ratio*

*(iv) Current Ratio*

*(v) Debt Equity Ratio*

*(vi) Operating Profit Margin (%)*

*(vii) Net Profit Margin (%)*

*or sector-specific equivalent ratios, as applicable.*

*(j) details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.*

## **2. Disclosure of Accounting Treatment:**

*Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction.*

**C. Corporate Governance Report:** *The following disclosures shall be made in the section on the corporate governance of the annual report.*

*(1) A brief statement on listed entity's philosophy on code of governance.*

*(2) Board of directors:*

*(a) composition and category of directors (e.g. promoter, executive, non-executive, independent non-executive, nominee director - institution represented and whether as lender or as equity investor);*

*(b) attendance of each director at the meeting of the board of directors and the last annual general meeting;*

*(c) number of other board of directors or committees in which a directors is a member or chairperson, and with effect from the Annual Report for the year ended 31st March*

2019, including separately the names of the listed entities where the person is a director and the category of directorship;

(d) number of meetings of the board of directors held and dates on which held;

(e) disclosure of relationships between directors inter-se;

(f) number of shares and convertible instruments held by non- executive directors;

(g) web link where details of familiarisation programmes imparted to independent directors is disclosed.

(h) A chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:

(i) With effect from the financial year ending March 31, 2019, the list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and

(ii) With effect from the financial year ended March 31, 2020, the names of directors who have such skills / expertise / competence

(i) confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

(j) detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided.

**(3) Audit committee:**

(a) brief description of terms of reference;

(b) composition, name of members and chairperson;

(c) meetings and attendance during the year.

**(4) Nomination and Remuneration Committee:**

(a) brief description of terms of reference;

(b) composition, name of members and chairperson;

(c) meeting and attendance during the year;

(d) performance evaluation criteria for independent directors.

**(5) Remuneration of Directors:**

(a) all pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report;

(b) criteria of making payments to non-executive directors. alternatively, this may be disseminated on the listed entity's website and reference drawn thereto in the annual report;

(c) disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, the following disclosures shall be made:

(i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.;

(ii) details of fixed component and performance linked incentives, along with the performance criteria;

(iii) service contracts, notice period, severance fees;

*(iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.*

*(6) Stakeholders' grievance committee:*

- (a) name of non-executive director heading the committee;*
- (b) name and designation of compliance officer;*
- (c) number of shareholders' complaints received so far;*
- (d) number not solved to the satisfaction of shareholders;*
- (e) number of pending complaints*

*(7) General body meetings:*

- (a) location and time, where last three annual general meetings held;*
- (b) whether any special resolutions passed in the previous three annual general meetings;*
- (c) whether any special resolution passed last year through postal ballot – details of voting pattern;*
- (d) person who conducted the postal ballot exercise;*
- (e) whether any special resolution is proposed to be conducted through postal ballot;*
- (f) procedure for postal ballot.*

*(8) Means of communication:*

- (a) quarterly results;*
- (b) newspapers wherein results normally published;*
- (c) any website, where displayed;*
- (d) whether it also displays official news releases; and*
- (e) presentations made to institutional investors or to the analysts.*

*(9) General shareholder information:*

- (a) annual general meeting - date, time and venue;*
- (b) financial year;*
- (c) dividend payment date;*
- (d) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);*
- (e) stock code;*
- (f) market price data- high, low during each month in last financial year;*
- (g) performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.;*
- (h) in case the securities are suspended from trading, the directors report shall explain the reason thereof;*
- (i) registrar to an issue and share transfer agents;*
- (j) share transfer system;*
- (k) distribution of shareholding;*
- (l) dematerialization of shares and liquidity;*
- (m) outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;*

- (n) commodity price risk or foreign exchange risk and hedging activities;*
- (o) plant locations;*
- (p) address for correspondence.*
- (q) list of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.]*

*(10) Other Disclosures:*

- (a) disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;*
- (b) details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;*
- (c) details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;*
- (d) details of compliance with mandatory requirements and adoption of the non-mandatory requirements;*
- (e) web link where policy for determining 'material' subsidiaries is disclosed;*
- (f) web link where policy on dealing with related party transactions;*
- (g) disclosure of commodity price risks and commodity hedging activities.*
- (h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).*
- (i) a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.*
- (j) where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:  
Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations.*
- (k) total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.*
- (l) disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
  - a. number of complaints filed during the financial year*
  - b. number of complaints disposed of during the financial year*
  - c. number of complaints pending as on end of the financial year.**

*(11) Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed.*

*(12) The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted.*

*(13) The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report.*

***D. Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.***

***E. Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report.***

***F. Disclosures with respect to demat suspense account/ unclaimed suspense account***

*(1) The listed entity shall disclose the following details in its annual report, as long as there are shares in the demat suspense account or unclaimed suspense account, as applicable:*

*(a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;*

*(b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year;*

*(c) number of shareholders to whom shares were transferred from suspense account during the year;*

*(d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;*

*(e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.*

**c. Penalty for non-submission**

The penalty prescribed for non-submission of annual report as prescribed is Rs.2,000 per day of non-submission till the default continues.

**26. Annual Information Memorandum [Regulation 35]**

*The listed entity shall submit to the stock exchange(s) an Annual Information Memorandum in the manner specified by the Board from time to time*

The format for the Annual Information Memorandum is yet to be specified and hence this regulation is yet to be implemented.

**27. Documents & Information to shareholders [ Regulation 36]**

*(1) The listed entity shall send the annual report in the following manner to the shareholders:*

*(a) Soft copies of full annual report to all those shareholder(s) who have registered their email address(es) either with the listed entity or with any depository*

*(b) Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder to those shareholder(s) who have not so registered;*

*(c) Hard copies of full annual reports to those shareholders, who request for the same.*

*(2) The listed entity shall send annual report referred to in sub-regulation (1), to the holders of securities, not less than twenty-one days before the annual general meeting.*

*(3) 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 his 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; and*

*(e) shareholding of non-executive directors.*

*(4) The disclosures made by the listed entity with immediate effect from date of notification of these amendments-*

*(a) to the stock exchanges shall be in XBRL format in accordance with the guidelines specified by the stock exchanges from time to time; and*

*(b) to the stock exchanges and on its website, shall be in a format that allows users to find relevant information easily through a searching tool:*

*Provided that the requirement to make disclosures in searchable formats shall not apply in case there is a statutory requirement to make such disclosures in formats which may not be searchable, such as copies of scanned documents.*

*(5) The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:*

*(a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;*

*(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.*

A listed entity must send soft copies of full annual report to all those shareholder(s) who have registered their email address(es) either with the listed entity or with any of the depositories NSDL or CDSL. Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder to those shareholder(s) may be sent to those shareholders who have not so registered their email id and hard copies of full annual reports must be sent to those shareholders, who request for the same.

**The entity** shall send the annual report to its shareholders not less than 21 days before the Annual General Meeting. The Adjudicating Officer in the matter of Saamya Biotech Ltd., has levied a penalty on the company for not sending the annual report to its shareholders.

In case the entity is appointing a new director or re-appointing a director, it must provide the following information to the shareholders:

- a brief resume of the director;
- nature of his expertise in specific functional areas;
- disclosure of relationships between directors inter-se;
- names of listed entities in which the person also holds directorship and membership of committees of the board across all the listed entities; and
- shareholding of non-executive directors.

In case, the listed entity is appointing or re-appointing a statutory auditor, it shall include the following disclosures in the explanatory statement annexed to the notice being sent to the shareholders

- Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;
- Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.

All disclosures made by the listed entity to the stock exchange shall be only in the .XBRL format. The disclosures made to the stock exchanges on its website, shall be in a format which allows a user to find relevant information easily through a searching tool. This requirement shall not be applicable in case there is a statutory requirement to make such disclosures in formats which may not be searchable.

## 27 Draft Scheme of Arrangement & Scheme of Arrangement [Regulation 37]

*(1) Without prejudice to provisions of regulation 11, the listed entity desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement, shall file the draft scheme of arrangement, proposed to be filed before any Court or Tribunal under sections 391-394 and 101 of the Companies Act, 1956 or under Sections 230-234 and Section 66 of Companies Act, 2013, whichever applicable, along with a non-refundable fee as specified in Schedule XI, with the stock exchange(s) for obtaining Observation Letter or No-objection letter, before filing such scheme with any Court or Tribunal, in terms of requirements specified by the Board or stock exchange(s) from time to time.*

*(2) The listed entity shall not file any scheme of arrangement under sections 391-394 and 101 of the Companies Act, 1956 or under Sections 230-234 and Section 66 of Companies Act, 2013, whichever is applicable, with any Court or Tribunal unless it has obtained observation letter or No-objection letter from the stock exchange(s).*

*(3) The listed entity shall place the Observation letter or No-objection letter of the stock exchange(s) before the Court or Tribunal at the time of seeking approval of the scheme of arrangement:*

*Provided that the validity of the 'Observation Letter' or No-objection letter of stock exchanges shall be six months from the date of issuance, within which the draft scheme of arrangement shall be submitted to the Court or Tribunal.*

*(4) The listed entity shall ensure compliance with the other requirements as may be prescribed by the Board from time to time.*

*(5) Upon sanction of the Scheme by the Court or Tribunal, the listed entity shall submit the documents, to the stock exchange(s), as prescribed by the Board and/or stock exchange(s) from time to time.*

*(6) Nothing contained in this regulation shall apply to draft schemes which solely provide for merger of a wholly owned subsidiary with its holding company:  
Provided that such draft schemes shall be filed with the stock exchanges for the purpose of disclosures.*

*(8) The requirements as specified under this regulation and under regulation 94 of these regulations shall not apply to a restructuring proposal approved as part of a resolution plan by the Tribunal under section 31 of the Insolvency Code, subject to the details being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.*

A company which is desirous of undertaking a scheme of arrangement shall comply with the provisions under Regulation 37 of the Listing Regulations apart from complying with the requirements specified in SEBI Circular No: CFD/DIL3/CIR/2017/21 dated March 10, 2017. The procedure to be followed is as under:

#### **a. Filing with Stock Exchange**

The listed entity shall file the draft scheme of arrangement with the stock exchanges where its securities are listed before it files the same with the Tribunal, in order to obtain *an observation letter or a no objection letter* for filing the draft scheme with the Tribunal. This shall not violate the provisions of Regulation 11 as per which any scheme of arrangement or amalgamation or merger or demerger or reconstruction or a reduction in capital shall not in any way violate, override or limit the provisions of securities laws or requirements of the stock exchange.

The entity shall choose one of the Exchanges having nationwide trading terminals as the designated Stock Exchange for the purpose of coordinating with SEBI. In case the entity is listed only on a regional Stock Exchange with no nation-wide terminals and it is desirous of seeking an exemption from Rule 19(2) (b) of Securities Contracts (Regulation) Rules, 1957, the entity shall obtain in-principle approval for listing of equity shares on any Stock Exchange having nation-wide trading terminal. In cases the entity is not desirous of seeking an exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 it shall obtain approval to choose one of the Stock Exchanges having nation-wide trading terminals for providing a platform for dissemination of information of such Schemes and other documents. The stock exchange chosen may charge a reasonable fee from such companies for use of the facility.

#### **b. Fees to be paid**

The entity shall file the draft scheme of arrangement with the stock exchange along with a non-refundable fee, at the rate of 0.1% of the paid-up share capital of the listed/transferee/resulting company, whichever is higher, post sanction of the scheme, subject to a maximum of Rs.5,00,000. The fees shall be paid by way of direct credit to the bank account of SEBI through NEFT/RTGS/IMPS or any other mode allowed by RBI or by means of a demand draft in favour of "Securities and Exchange Board of India" payable at Mumbai.

#### **c. Exemption from obtaining no objection letter**

There is no need to obtain any observation letter or no objection letter from the exchanges, in case the scheme of arrangement involves the merger of a wholly owned subsidiary with its holding company. The entity shall however file such draft schemes with the stock exchanges for the purpose of disclosures and the scheme shall be disseminated by the stock exchange on its website.

#### **d. Documents to be filed along with the draft scheme**

The entity shall submit the following documents to the Stock Exchanges along with the draft scheme:

- (a) Valuation Report from an Independent Chartered Accountant. The listed entity shall place the valuation report before the Audit Committee before submission to the stock exchange.
- (b) Report from the Audit Committee recommending the Draft Scheme after taking into consideration the Valuation Report.
- (d) Fairness opinion by a SEBI registered merchant banker on valuation of assets / shares done by a Valuer for the listed entity and unlisted entity;
- (e) Pre and post amalgamation shareholding pattern of unlisted entity;

(f) Audited financials of last 3 years (financials not being more than 6 months old) of the unlisted entity;

(g) Auditor's Certificate in the specified the format

(h) Detailed Compliance Report duly certified by the Company Secretary, Chief Financial Officer and the Managing Director, confirming compliance with various regulatory requirements specified for schemes of arrangement and all accounting standards in the format given below (as Annexure IV to SEBI Circular No: CFD/DIL3/CIR/2017/21 dated March 10, 2017)

***Format of the Compliance Report to be submitted along with the draft scheme***

*It is hereby certified that the draft scheme of arrangement involving (Name of the entities) does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and this circular, including the following:*

<b>Sr.No</b>	<b>Reference</b>	<b>Particulars</b>
1	Regulations 17 to 27 of LODR Regulations	Corporate Governance Requirements
2	Regulation 11 of LODR Regulations	Compliance with Securities Laws
<i>Requirements of this circular</i>		
a.	Para (I)(A)(2)	Submission of documents to Stock Exchanges
b.	Para (I)(A)(2)	Conditions for schemes of arrangement involving unlisted entities
c.	Para (I)(A)(4) (a)	Submission of Valuation Report
d.	Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards
e.	Para (I)(A)(9)	Provision of approval of public shareholders through e-voting

***Company Secretary***

***Managing Director***

*Certified that the transactions / accounting treatment provided in the draft scheme of arrangement involving (Name of the entities) are in compliance with all the Accounting Standards applicable to a listed entity.*

***Chief Financial Officer***

***Managing Director***

**e. Conditions to be met if scheme is between listed and unlisted entities**

In case the scheme of arrangement is between listed and unlisted entities, the following conditions shall also be satisfied:

(a) The listed entity shall include the applicable information pertaining to the unlisted entity/ies involved in the scheme in the format specified for abridged prospectus as provided in Part E of Schedule F of the SEBI (ICDR) Regulations, 2018 in the explanatory statement or notice or proposal accompanying resolution to be passed sent to the shareholders while seeking approval of the scheme. The accuracy and adequacy of such disclosures shall be certified by a SEBI Registered Merchant Banker after following the due diligence process. Such disclosures shall also be submitted to the Stock Exchanges for uploading the same on their websites.

(b) The percentage of shareholding of pre-scheme public shareholders of the listed entity and the Qualified Institutional Buyers (QIBs) of the unlisted entity, in the post scheme shareholding pattern of the “merged” company on a fully diluted basis shall not be less than 25%.

(c) Unlisted entities can be merged with a listed entity only if the listed entity is listed on a Stock Exchange having nationwide trading terminals.

#### **f. Valuation Report**

Valuation Report shall not be required in case there is no change in the shareholding pattern of the listed entity / resultant company. Change in Shareholding Pattern shall mean, (i) change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or (ii) new shareholder being allotted equity shares of the resultant company; or (iii) existing shareholder exiting the company pursuant to the Scheme of Arrangement.

The Valuation Report and the Fairness Opinion shall be provided by and independent chartered accountant and an independent SEBI registered merchant banker respectively.

## **Auditors Report**

The entity shall also file an Auditor's certificate along with the draft scheme that the accounting treatment contained in the scheme is in compliance with all the Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 read with the rules framed thereunder or the Accounting Standards issued by Institute of Chartered Accountants of India as applicable, and other generally accepted accounting principles. In case the respective sectoral regulatory authorities have prescribed norms for accounting treatment of items in the financial statements contained in the scheme to the listed entity, the requirements of the regulatory authorities shall prevail.

### **f. Report on Complaints**

In addition to the above documents, the listed entity shall also submit to the Stock Exchanges a 'Report on Complaints' containing the details of complaints/comments received by it on the Draft Scheme from various sources. Complaints may be either written directly to the listed entity or forwarded to it by the Stock Exchanges or SEBI as per Annexure III of SEBI Circular No: CFD/DIL3/CIR/2017/21 dated March 10, 2017 prior to obtaining Observation Letter from Stock Exchanges on Draft Scheme. The report on Complaints have to be submitted by listed entity to the Stock Exchanges within 7 days of expiry of 21 days from the date of filing of Draft Scheme with Stock Exchanges and hosting the Draft Scheme along with documents on the websites of Stock Exchanges and the listed entity. The format of the report is as under:

#### **Format for Report on Complaints**

##### **Part A**

Sl.NO	Particulars	Number
1	Number of complaints received directly	
2	Number of complaints forwarded by Stock Exchanges / SEBI	
3	Total Number of complaints/comments received (1+2)	
4	Number of Complaints Resolved	
5	Number of Complaints Pending	

The Listed entity shall upload the 'Report on Complaints' on the company's website and websites of Stock Exchanges.

### **g. Report on Unpaid dues**

All listed entities shall ensure that all dues to, and/or fines/penalties imposed by SEBI, Stock Exchanges and the Depositories have been paid/settled before filing the draft scheme with the designated stock exchange. In case there are unpaid dues / fines / penalties, the listed entity shall submit to stock exchanges a 'Report on the Unpaid Dues' giving the details of Pending Dues of SEBI, Stock Exchanges and Depositories separately along with details of dues / fine, Amount and reason for non - payment, as per the prescribed format.

The listed entity shall disclose the Draft Scheme of arrangement and all the documents filed along with it on its website immediately upon submitting the Draft Scheme of arrangement with the Stock Exchanges. As per Regulation 94 the Stock Exchange shall forward the draft scheme to SEBI for approval. Stock Exchanges shall provide the 'Observation Letter' or 'No-Objection' letter to SEBI on the draft scheme.

#### **h. Comments from SEBI and other obligations**

SEBI provides its comments on the Draft Scheme of arrangement to the stock exchanges upon receipt of Observation Letter' or 'No-Objection' letter from the Stock Exchanges. SEBI normally provides its comments on the Draft Scheme to the stock exchanges within 30 days from the later of the date of receipt of satisfactory reply on clarifications, if any sought from the listed entity by SEBI or date of receipt of opinion from Independent Chartered Accountant, if sought by SEBI or date of receipt of Observation Letter' or 'No-Objection' letter from the Stock Exchanges or date of receipt of copy of in-principle approval for listing of equity shares of the company seeking exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 on designated Stock Exchange, in case the listed entity is listed solely on regional Stock Exchange. In case of companies which are listed only on regional Stock Exchanges, SEBI will issue the letter upon receipt of Observation Letter' or 'No-Objection' letter from the Designated Stock Exchange.

#### **i. Filing of Scheme with Tribunal**

The Observation Letter or No-Objection Letter from the stock exchanges shall be placed on the website of the listed entity within 24 hours of receiving the same from the exchanges. The observation letter or the No-objection letter of the stock exchange(s) shall be placed before the Court or Tribunal at the time of seeking approval of the scheme of arrangement. The validity of the 'Observation Letter' or No-objection letter of stock exchanges is 6 months from the date of issuance and the entity shall ensure that the draft scheme of arrangement shall be submitted to the Court or Tribunal.

#### **j. Voting by Public Shareholders**

The listed entity is under an obligation to include the Observation Letter of the Stock Exchanges, in the explanatory statement or notice or proposal accompanying resolution to be passed sent to the shareholders seeking approval of the Scheme. The explanatory statement shall further disclose the pre and post-arrangement or amalgamation expected capital structure / shareholding pattern, and the "fairness opinion" obtained from a merchant banker on valuation of assets / shares done by the independent chartered accountant for the listed entity and unlisted entity.

The entity shall ensure that the Scheme submitted with the NCLT for sanction, provides for voting by public shareholders through e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution. The Scheme of arrangement shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it, in the following cases:

- i. Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity , or

ii. Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.

iii. Where the parent listed entity has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme.

iv. Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity;

v. where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares;

#### **k. Changes to the Draft Scheme**

No changes to the draft scheme can be made to the draft scheme except those mandated by the regulators / authorities / Tribunal.

#### **l. Restructuring Proposal pursuant to Resolution Plan**

The requirements as specified under Regulation 37 and Regulation 94 of the Regulations will not be applicable to any restructuring proposal approved as part of a resolution plan by the Tribunal under section 31 of the Insolvency Code, subject to the condition that the details are disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **m. Procedure to be followed by companies desirous of listing their securities without making an Initial Public Offering**

Paragraph 1(III) of SEBI Circular No: CFD/DIL3/CIR/2017/21 dated March 10, 2017 lists the procedure and compliances to be followed by a company which is desirous of listing its securities without making an Initial Public Offer. The Draft Scheme of arrangement under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957,(SCRR) seeking relaxation from the strict enforcement of Rule 19(2)(b) of the SCRR for listing of its equity shares on a recognized Stock Exchange without making an initial public offer will be submitted by the listed entity. Such a relaxation will be granted, if it satisfies the following conditions:

- (a) The equity shares which are to be listed are proposed to be allotted by the unlisted issuer (transferee entity) to the holders of securities of a listed entity (transferor entity) pursuant to a scheme of reconstruction or amalgamation (Scheme) sanctioned by NCLT under Section 230-234 of the Companies Act, 2013;
- (b) At least 25% of the post-scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public shareholders in the transferor entity;
- (c) The transferee entity will not issue/ reissue any shares which are not covered under the Draft Scheme of arrangement;

- (d) As on date of application, there shall be no outstanding warrants/ instruments/ agreements which give right to any person to obtain equity shares in the transferee entity at any future date. If there are such instruments stipulated in the Draft Scheme, the percentage referred to in Para (b) above shall be computed after giving effect to the consequent increase of capital on account of compulsory conversions outstanding as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised; and the shares of the transferee entity issued in lieu of the locked-in shares of the transferor entity will be subject to lock-in for the remaining period.

The Stock Exchanges shall ensure that an unlisted issuer which makes an application to SEBI under Rule 19(7) of the SCRR shall satisfy the following additional conditions:

- (a) Observation Letter or No Objection Letter has been issued by the Stock Exchanges to the Draft Scheme of arrangement;
- (b) The listing of the equity shares of the transferee entity is in terms of the Scheme sanctioned by the Hon'ble High Court / NCLT or its Order whereby the Scheme of arrangement has been sanctioned;
- (c) The equity shares sought to be listed have been allotted by the unlisted issuer (transferee entity) to the holders of securities of a listed entity (transferor entity);
- (d) The names of the allottees have been entered as beneficial owners in the records of the depositories pursuant to the Scheme or share certificates have been dispatched to the allottees.

In case of a scheme involving merger of a listed company or its division into an unlisted entity, the entire pre-scheme share capital of the unlisted issuer seeking listing shall be locked in as follows:

- (a) Shares held by Promoters up to the extent of 25% of the post-merger paid-up capital of the unlisted issuer, shall be locked-in for a period of three years from the date of listing of the shares of the unlisted issuer;
- (b) The remaining shares shall be locked-in for a period of one year from the date of listing of the shares of the unlisted issuer.
- (c) No additional lock-in shall be applicable if the post scheme shareholding pattern of the unlisted entity is exactly similar to the shareholding pattern of the listed entity.

The shares locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution if pledge of shares is one of the terms of sanction of the loan. The shares may be transferred 'inter-se' among promoters in accordance with the conditions specified under Regulation 22 of ICDR Regulations.

It shall be ensured that steps for listing of specified securities are completed and trading in securities commences within 60 days of receipt of the Order of the Hon'ble High Court/ NCLT, simultaneously on all the Stock Exchanges where the equity shares of transferor entity are/were listed. The transferee entity shall give an advertisement in one English and one Hindi newspaper with nationwide circulation and one regional newspaper with wide circulation at the place where the registered office of the transferee entity is situated, before commencement of trading and the advertisement shall contain the following details:

- a. Name and address of its registered office
- b. Details of change of name and/or object clause;
- c. Capital structure – pre and post scheme of amalgamation. This shall provide details of the authorized, issued, subscribed and paid up capital (Number of instruments, description, and aggregate nominal value);
- d. Shareholding pattern giving details of its promoter group shareholding, group companies;
- e. Names of its ten largest shareholders – number and percentage of shares held by each of them, their interest, if any;
- f. Details of its promoters – educational qualifications, experience, address;
- g. Business and its management;
- h. Reason for the amalgamation;
- i. Financial statements for the previous three years prior to the date of listing;
- j. Latest audited financial statements along with notes to accounts and any audit qualifications. Change in accounting policies in the last three years and their effect on profits and reserves (Financial statements should not be later than six months prior to the date of listing);
- k. Details of its other group companies including their capital structure and financial statements;
- l. Outstanding litigations and defaults of the transferee entity, promoters, directors or any of the group companies;
- m. Particulars of high, low and average prices of the shares of the listed transferor entity during the preceding three years;
- n. Any material development after the date of the balance sheet; and
- o. Such other information as may be specified by SEBI Board from time to time.

**n. Procedure for listing equity shares with differential rights**

A listed entity which is desirous of listing its equity shares with differential rights as to dividend, voting or otherwise, without making an initial public offer of such equity shares, may make an application to SEBI under Rule 19(7) of the SCRR seeking relaxation from strict enforcement of clause 19(2)(b) of SCRR if it satisfies the following conditions:

- (a) such equity shares are issued to all the existing shareholders as on record date by way of rights or bonus issue;
- (b) the issuer is in compliance with the conditions of minimum public shareholding requirement stipulated in regulation 38 of Listing Regulation, with reference to the equity shares which are already listed and the equity shares with differential rights proposed to be listed and the issuer undertakes to disclose the shareholding pattern of the equity shares with differential rights separately in terms of requirements of regulation 31 of the Listing Regulations.

**o. Procedure for listing warrants without making an initial public offer**

A listed entity which is desirous of listing its warrants without making an initial public offer of warrants, may make an application to SEBI under Rule 19(7) of the SCRR seeking relaxation from strict enforcement of Rule 19(2)(b) if it satisfies the following conditions:

- (a) warrants are issued as combined offering of NCDs and warrants through qualified institutions placement under Chapter VI of the SEBI (ICDR) Regulations, 2018;
- (b) the issuer is in compliance with all the provisions of Chapter VI of the ICDR Regulations; and

(c) NCDs and warrants shall be traded in the minimum trade lot of one lakh rupees.

The designated stock exchange shall forward the documents to SEBI along with its recommendations on documents and the application.

SEBI while granting relaxation under Rule 19(7) of SCRR, may stipulate further conditions as may be deemed necessary in the interest of investors and securities market after considering the facts and circumstances of the specific case and always tries to give its comments / approval to the designated Stock Exchange within 30 days of receipt of complete information, including the no-objection certificate from the Stock Exchange.

## **28. Minimum Public Shareholding [Regulation 38]**

*The listed entity shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time:*

*Provided that provisions of this regulation shall not apply to entities listed on institutional trading platform without making a public issue.*

A listed entity shall comply with the minimum public shareholding requirements as stipulated in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 (SCRR) in the manner specified by SEBI from time to time which is a minimum public shareholding of at least 25% of the total paid up capital. This requirement shall not apply to entities listed on institutional trading platform without making a public issue.

In case an entity does not maintain minimum public shareholding, the voting rights and corporate benefits of the persons belonging to the promoter / promoter group could be frozen to the extent of their excess holding. The promoters could also be prohibited from buying, selling and dealing in the securities of their respective companies either directly or indirectly beside the directors and promoters of such non-compliant companies being restrained from holding any new position as a director of any other listed company.

SEBI has vide Circular No: CIR/CFD/CMD/14/2015 dated November 15, 2015 and Circular No: SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 provided that a listed entity may increase its public shareholding to the minimum specified level by following any of the following methods:

- a. Issuance of shares to public through prospectus;
- b. Offer for sale of shares held by promoters to public through prospectus;
- c. Sale of shares held by promoters through the secondary market in terms of SEBI circular CIR/MRD/DP/05/2012 dated February 1, 2012;
- d. Institutional Placement Programme (IPP) in terms of Chapter VIIIA of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- e. Rights Issue to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;
- f. Bonus Issues to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;
- g. Any other method as may be approved by SEBI on a case to case basis. In case the entity were to approach SEBI, they may do so with appropriate details and SEBI endeavors to communicate its decision within 30 days from the date of receipt of the proposal or the date of receipt of additional information as sought from the company.

- h. Open market sale: Sale of shares held by the promoters/promoter group up to 2% of the total paid-up equity share capital of the listed entity in the open market, subject to five times' average monthly trading volume of the shares of the listed entity.
- i. Allotment of eligible securities through Qualified Institutions Placement in terms of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

## **29 Issue of Certificates for securities [Regulation 39]**

*(1) The listed entity shall comply with Rule 19(3) of Securities Contract (Regulations) Rules, 1957 in respect of Letter/Advices of Allotment, Acceptance or Rights, transfers, subdivision, consolidation, renewal, exchanges, issuance of duplicates thereof or any other purpose.*

*(2) The listed entity shall issue certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, as applicable within a period of thirty days from the date of such lodgement.*

*(3) The listed entity shall submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within two days of its getting information.*

*(4) The listed entity shall comply with the procedural requirements specified in Schedule VI while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.*

### **a. Loss of Share Certificate and issuance of duplicates**

The entity shall comply with Rule 19(3) of the SCRR, 1957 with regard to issuance of share certificates and duplicate share certificates. The entity shall issue certificates or receipts or advices as applicable, on sub-division, split, consolidation, renewal, exchanges, endorsements and issue duplicate certificates or receipts or advices, as applicable, in case of loss or old decrepit or worn out certificates or receipts or advices, as applicable within a period of 30 days from the date of lodgement of such old or decrepit or worn out certificate.

The listed entity shall submit information regarding loss of share certificates and issuance of duplicate certificates, to the stock exchange within two days of it getting information of the loss of share certificate or of the issuance of a duplicate certificate.

### **b. Procedure for dealing with unclaimed securities**

A listed entity shall comply with the procedural requirements as specified in Schedule VI of the Regulations while dealing with unclaimed securities, which remain unclaimed and/or are lying in the escrow account. Such shares may either be in the physical form or in dematerialized form, which may also be delegated to a share transfer agent. The procedure is as under:

- a. The listed entity must send at least 3 reminders, in the case of shares held in physical form, to the address given in the application form as well as last available address as per listed entity's record.
- b. In the case of shares held in demat form, reminders shall be sent to the address captured in depository's database or address given in the application form, in case of application made in physical form.
- c. In case shares are held in the dematerialized form and no response is received, the listed entity shall credit the unclaimed shares to a demat suspense account opened with one of the Depository Participants for this purpose.
- d. In case the shares are held in physical form and the listed entity has not received any response to the reminders sent, it shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account", dematerialise the same and transfer it to the Unclaimed Suspense Account to be opened and held with one of the Depository Participants.
- e. The listed entity shall maintain details of shareholding of each individual allottee / shareholder whose shares are credited to such demat suspense account or unclaimed suspense account, as applicable.
- f. The demat suspense account or unclaimed suspense account, as applicable shall be held by the listed entity purely on behalf of the allottees. The allottees / shareholders are entitled to the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever by the listed entity except for the purpose of transferring the shares to the allottee as and when he/she approaches the listed entity.
- g. The voting rights on such unclaimed shares shall remain frozen till the rightful owner claims the shares and shall not be exercised till such time the shares are held in the Unclaimed Suspense Account.
- h. As and when the allottee approaches the listed entity, the listed entity shall, after proper verification of the identity of the allottee either credit the shares lying in the Unclaimed Suspense Account or demat suspense account, as the case may be, to the demat account of the allottee to the extent of the allottee's entitlement, or deliver the physical certificates after re-materialising the same, depending on the option chosen by the allottee. The listed entity shall note that re-materialising of the demat shares into physical certificates shall be done only in cases where the shares were originally issued in physical form.
- i. Any corporate benefits in terms of securities accruing on such shares viz. bonus shares, split etc., shall also be credited to such demat suspense account or unclaimed suspense account, as applicable for a period of seven years and thereafter shall be transferred by the listed entity in accordance with provisions of Section 124(5) read with Section 124 (6) of the Companies Act, 2013 and rules made thereunder.
- j. All such shares, in respect of which dividend is either unpaid or unclaimed for a period of 7 years shall be transferred by the listed entity in accordance with Section 124 (6) of the

Companies Act, 2013 to the Investor Education and Protection Fund Account in accordance with the rules made thereunder.

### **30 Transfers, Transmission or Transposition of Securities [Regulation 40]**

*(1) Save as otherwise specified in provisions of securities laws or Companies Act, 2013 and rules made thereunder, the listed entity shall also comply with the requirements as specified in this regulation for effecting transfer of securities;*

*Provided that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.*

*(2) The board of directors of a listed entity may delegate the power of transfer of securities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s): Provided that the board of directors and/or the delegated authority shall attend to the formalities pertaining to transfer of securities at least once in a fortnight:*

*Provided further that the delegated authority shall report on transfer of securities to the board of directors in each meeting.*

*(3) On receipt of proper documentation, the listed entity shall register transfers of its securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of transfers; or issue any valid objection or intimation to the transferee or transferor, as the case may be, within a period of fifteen days from the date of such receipt of request for transfer:*

*Provided that the listed entity shall ensure that transmission requests are processed for securities held in dematerialized mode and physical mode within seven days and twenty one days respectively, after receipt of the specified documents:*

*Provided further that proper verifiable dated records of all correspondence with the investor shall be maintained by the listed entity.*

*(4) The listed entity shall not register transfer when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains it from transferring the securities from the name of the transferor(s).*

*(5) The listed entity shall not register the transfer of its securities in the name of the transferee(s) when the transferor(s) objects to the transfer:*

*Provided that the transferor serves on the listed entity, within sixty working days of raising the objection, a prohibitory order of a Court of competent jurisdiction.*

*(6) The listed entity shall not decline to, register or acknowledge any transfer of shares, on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the listed entity on any account whatsoever.*

*(7) The listed entity shall comply with all procedural requirements as specified in Schedule VII with respect to transfer of securities.*

*(8) In case the listed entity has not effected transfer of securities within fifteen days or where the listed entity has failed to communicate to the transferee(s) any valid objection to the transfer, within the stipulated time period of fifteen days, the listed entity shall compensate the aggrieved party for the opportunity losses caused during the period of the delay:*

*Provided that during the intervening period on account of delay in transfer above, the listed entity shall provide all benefits, which have accrued, to the holder of securities in terms of*

*provisions of Section 126 of Companies Act, 2013, and Section 27 of the Securities Contracts (Regulation) Act, 1956:*

*Provided further that in case of any claim, difference or dispute under this sub-regulation the same shall be referred to and decided by arbitration as provided in the bye-laws and/or regulations of the stock exchange(s).*

*(9) The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within one month of the end of each half of the financial year, certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.*

*(10) The listed entity shall ensure that certificate mentioned at sub-regulation (9), shall be filed with the stock exchange(s) simultaneously.*

*(11) In addition to transfer of securities, the provisions of this regulation shall also apply to the following:*

*(a) deletion of name of the deceased holder(s) of securities, where the securities are held in the name of two or more holders of securities;*

*(b) transmission of securities to the legal heir(s), where deceased holder of securities was the sole holder of securities;*

*(c) transposition of securities, when there is a change in the order of names in which physical securities are held jointly in the names of two or more holders of securities.*

Requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. However, shares transferred on account of transmission or any request for transposition can be processed even if the securities are held in the physical form. The board of directors of a listed entity may delegate the power of transfer of securities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent. The board of directors and / or the delegated authority shall attend to the formalities pertaining to transfer of securities at least once in a fortnight. The delegated authority shall further report on transfer of securities to the board of directors in each meeting.

The listed entity shall register the transfer within a period of 15 days from the date of such receipt of request for transfer. The listed entity shall process requests for transmission of securities held in dematerialized mode and physical mode within 7 days and 21 days respectively, after receipt of the specified documents. The listed entity shall maintain proper verifiable dated records of all correspondence with the investor.

The listed entity shall not register any transfer where any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the company from transferring the securities from the name of the transferor(s).

The listed entity shall not register the transfer of its securities in the name of the transferee(s) when the transferor(s) object to the transfer subject however to the condition that the transferor serves on the listed entity, within 60 working days of raising the objection, a prohibitory order of a Court of competent jurisdiction.

The listed entity shall not decline to, register or acknowledge any transfer of shares, on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the listed entity on any account whatsoever. The listed entity shall comply with all procedural requirements as specified in Schedule VII of the Listing Regulations with respect to transfer of securities.

In case the listed entity has not transferred securities within 15 days or where the listed entity has failed to communicate to the transferee(s) any valid objection to the transfer, within the stipulated time period of 15 days, the listed entity shall compensate the aggrieved party for the opportunity losses caused during the period of the delay. Further, the listed entity shall during the intervening period on account of delay in transfer provide all benefits, which have accrued, to the holder of securities in terms of provisions of Section 126 of Companies Act, 2013, and Section 27 of the Securities Contracts (Regulation) Act, 1956.

Any case of claim, difference or dispute under Regulation 40(8) shall be referred to and decided by arbitration as provided in the bye-laws and/or regulations of the stock exchange(s).

The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within one month of the end of each half of the financial year, ( i.e. by October 30 and April 30 each year) certifying that all certificates have been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies, which shall be filed immediately on receipt.

The provisions of Regulation 40 also applies to: (a) deletion of name of the deceased holder(s) of securities, where the securities are held in the name of two or more holders of securities ; (b) transmission of securities to the legal heir(s), where deceased holder of securities was the sole holder of securities; and (c) transposition of securities, when there is a change in the order of names in which physical securities are held jointly in the names of two or more holders of securities.

### **31. Other provisions with regard to securities [Regulation 41]**

*(1) The listed entity shall not exercise a lien on its fully paid shares and that in respect of partly paid shares it shall not exercise any lien except in respect of moneys called or payable at a fixed time in respect of such shares.*

*(2) The listed entity shall, in case of any amount to be paid in advance of calls on any shares stipulate that such amount may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.*

*(3) The listed entity shall not issue shares in any manner that may confer on any person; superior or inferior rights as to dividend vis-à-vis the rights on equity shares that are already listed or inferior voting rights vis-à-vis the rights on equity shares that are already listed: Provided that, a listed entity having SR equity shares issued to its promoters/ founders, may issue SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013.*

*(4) The listed entity shall, issue or offer in the first instance all shares (including forfeited shares), securities, rights, privileges and benefits to subscribe pro rata basis , to the equity shareholders of the listed entity, unless the shareholders in the general meeting decide otherwise.*

*(5) Unless the terms of issue otherwise provide, the listed entity shall not select any of its listed securities for redemption otherwise than on pro-rata basis or by lot.*

The Regulations restrict a listed entity from exercising any lien on its fully paid shares. It can exercise a lien on its partly paid shares only in respect of moneys called or payable at a fixed time in respect of such shares. If any amount is received in advance of calls on any shares the listed entity may stipulate that such amount may carry interest but it shall not confer a right to dividend or to participate in profits with respect to the advance amount received. The listed entity shall not issue shares in any manner that may confer on any person superior or inferior rights as to dividend vis-à-vis the rights on equity shares that are already listed or inferior voting rights vis-à-vis the rights on equity shares that are already listed. A listed entity which has already issued SR equity shares to its promoters/ founders, may issue SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013. Every listed entity must offer in the first instance all shares (including forfeited shares), securities, rights, privileges and benefits, to its existing equity shareholders unless the shareholders in the general meeting decide otherwise. The listed entity shall also not select any of its listed securities for redemption otherwise than on a pro-rata basis or by lot unless the terms of the issue of these securities provide otherwise.

### **32. Other Provisions relating to SR Equity shares [Regulation 41A]**

*(1) The SR equity shares shall be treated at par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions.*

*(2) The total voting rights of SR shareholders (including ordinary shares) in the issuer upon listing, pursuant to an initial public offer, shall not at any point of time exceed seventy four per cent.*

*(3) The SR equity shares shall be treated as ordinary equity shares in terms of voting rights (i.e. one SR share shall only have one vote) in the following circumstances -*

- i. appointment or removal of independent directors and/or auditor;*
- ii. where a promoter is willingly transferring control to another entity;*
- iii. related party transactions in terms of these regulations involving an SR shareholder;*
- iv. voluntary winding up of the listed entity;*
- v. changes to the Articles of Association or Memorandum of Association of the listed entity, except any change affecting the SR equity share;*
- vi. initiation of a voluntary resolution process under the Insolvency Code;*
- vii. utilization of funds for purposes other than business;*

- viii. *substantial value transaction based on materiality threshold as specified under these regulations;*
- ix. *passing of special resolution in respect of delisting or buy-back of shares; and*
- x. *other circumstances or subject matter as may be specified by the Board, from time to time.*

*(4) The SR equity shares shall be converted into equity shares having voting rights same as that of ordinary shares on the fifth anniversary of listing of ordinary shares of the listed entity: Provided that the SR equity shares may be valid for up to an additional five years, after a resolution to that effect has been passed, where the SR shareholders have not been permitted to vote:*

*Provided further that the SR shareholders may convert their SR equity shares into ordinary equity shares at any time prior to the period as specified in this sub-regulation.*

*(5) The SR equity shares shall be compulsorily converted into equity shares having voting rights same as that of ordinary shares on the occurrence of any of the following events -*

- i. demise of the promoter(s) or founder holding such shares;*
- ii. an SR shareholder resigns from the executive position in the listed entity;*
- iii. merger or acquisition of the listed entity having SR shareholder/s, where the control would no longer remain with the SR shareholder/s;*
- iv. the SR equity shares are sold by an SR shareholder who continues to hold such shares after the lock-in period but prior to the lapse of validity of such SR equity shares.*

SR Equity Shares shall be treated on par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions. The total voting rights of the SR shareholders including the voting rights on the ordinary shares held by them in the listed entity, on listing of the company pursuant to an initial public offer shall not exceed 74% at any point of time.

The SR equity shares shall be treated as ordinary shares, i.e. one share shall carry only one vote and not the superior voting rights as it is normally entitled to / carries in the following circumstances:

- Appointment or removal of independent directors and/or auditor;
- Where a promoter is willingly transferring control to another entity;
- Related party transactions in terms of these regulations involving an SR shareholder;
- Voluntary winding up of the listed entity;
- Changes to the Articles of Association or Memorandum of Association of the listed entity, except any change affecting the SR equity share;
- Initiation of a voluntary resolution process under the Insolvency Code;
- utilization of funds for purposes other than business;
- Substantial value transaction based on materiality threshold as specified under these regulations;
- Passing of special resolution in respect of delisting or buy-back of shares; and
- Other circumstances or subject matter as may be specified by SEBI from time to time.

The listed entity is under an obligation to convert the SR equity shares into equity shares having the same voting rights as that of the ordinary shares at the end of 5 years from the date of listing its ordinary shares. The SR equity shares may however be valid for an additional five years if the shareholders of the listed entity pass a resolution to that effect in which the SR shareholders have not been permitted to vote and have also not voted.

The SR shareholders may however convert their SR equity shares into ordinary shares at any time prior to the stipulated period of 5 years. The listed entity shall compulsorily convert the SR Equity shares into equity shares having voting rights same as that of the ordinary shares issued by it on the occurrence of any of the following events

- i. demise of the promoter(s) or founder holding such shares;
- ii. an SR shareholder resigns from the executive position in the listed entity;
- iii. merger or acquisition of the listed entity having SR shareholder/s, where the control would no longer remain with the SR shareholder/s;
- iv. the SR equity shares are sold by an SR shareholder who continues to hold such shares after the lock-in period but prior to the lapse of validity of such SR equity shares.

### **33. Record Date [Regulation 42]**

*(1) The listed entity shall intimate the record date to all the stock exchange(s) where it is listed for the following purposes:*

- (a) declaration of dividend;*
- (b) issue of right or bonus shares;*
- (c) issue of shares for conversion of debentures or any other convertible security;*
- (d) shares arising out of rights attached to debentures or any other convertible security*
- (e) corporate actions like mergers, de-mergers, splits and bonus shares, where stock derivatives are available on the stock of listed entity or where listed entity's stocks form part of an index on which derivatives are available;*
- (f) such other purposes as may be specified by the stock exchange(s).*

*(2) The listed entity shall give notice in advance of at least seven working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date:*

*Provided that in the case of rights issues, the listed entity shall give notice in advance of at least three working days (excluding the date of intimation and the record date).*

*(3) The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.*

*(4) The listed entity shall ensure the time gap of at least thirty days between two record dates.*

*(5) For securities held in physical form, the listed entity may, announce dates of closure of its transfer books in place of record date for complying with requirements as specified in sub-regulations (1) to (4):*

*Provided that the listed entity shall ensure that there is a time gap of at least thirty days between two dates of closure of its transfer books*

Regulation 42 stipulates that the listed entity must have a record for the purposes stipulated therein and the listed entity shall intimate the stock exchange the record date at least 7 working days in advance, which shall exclude the date of intimation and record date. However, the entity shall

intimate at least 3 working days in advance in the case of rights issues. The intimation shall specify the purpose of the record date.

The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

The listed entity shall ensure that there is a time gap of at least 30 days between two record dates.

In case the listed entity has securities, which are held in physical form it may also announce a book closure and comply with the requirements stipulated in Regulation 42. The Regulations further stipulate that there shall be a gap of 30 days between two book closures.

Non-compliance of Regulation 42(2)/42(3)/ 42(4)/42(5) will attract a fine of Rs.10,000 per instance per item.

### **34. Dividends [ Regulation 43]**

*(1) The listed entity shall declare and disclose the dividend on per share basis only.*

*(2) The listed entity shall not forfeit unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.*

The regulation stipulates that every listed entity shall declare dividends on per share basis only and that they shall not forfeit unclaimed dividends. They shall be transferred in accordance with the provisions of the Companies Act to the Investor Education and Protection Fund on the expiry of 7 years.

### **35. Dividend Distribution Policy [Regulation 43A]**

*(1) The top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.*

*(2) The dividend distribution policy shall include the following parameters:*

*(a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;*

*(b) the financial parameters that shall be considered while declaring dividend;*

*(c) internal and external factors that shall be considered for declaration of dividend;*

*(d) policy as to how the retained earnings shall be utilized; and*

*(e) parameters that shall be adopted with regard to various classes of shares:*

*Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.*

*(3) The listed entities other than top five hundred listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.*

The top 500 listed entities by market capitalization as at the end of March 31 the previous year shall have a dividend distribution policy which shall be disclosed in the annual reports of the company and in their websites. The dividend distribution policy shall include the following parameters:

- (a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- (b) the financial parameters that shall be considered while declaring dividend;
- (c) internal and external factors that shall be considered for declaration of dividend;
- (d) policy as to how the retained earnings shall be utilized; and
- (e) parameters that shall be adopted with regard to various classes of shares:

In case the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters, such changes along with the rationale for the same shall be disclosed in its annual report and on its website.

Those listed entities which are not in the top 500 listed entities based on market capitalization may voluntarily disclose their dividend distribution policies in their annual reports and on their website.

Non-disclosure of Dividend Distribution Policy in the Annual Report and on the website of the entity will attract a penalty of Rs.25,000 per instance of non-compliance.

### **36. Meetings of the shareholders and voting [Regulation 44]**

*(1) The listed entity shall provide the facility of remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.*

*(2) The e-voting facility to be provided to shareholders in terms of sub-regulation (1), shall be provided in compliance with the conditions specified under the Companies (Management and Administration) Rules, 2014, or amendments made thereto.*

*(3) The listed entity shall submit to the stock exchange, within forty-eight hours of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.*

*(4) The listed entity shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.*

*(5) The top 100 listed entities by market capitalization, determined as on March 31st of every financial year, shall hold their annual general meetings within a period of five months from the date of closing of the financial year.*

*(6) The top 100 listed entities shall provide one-way live webcast of the proceedings of the annual general meetings.*

*Explanation: The top 100 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.]*

As per Regulation 44 every listed entity shall provide the facility of remote e-voting facility to its shareholders, to enable them to vote in respect of all shareholders' resolutions. The Adjudicating Officer SEBI levied a penalty on Saamya Biotech for not providing e-voting facility to its shareholders.

The entity shall submit to the stock exchange, within 48 hours of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.

The listed entity shall send proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against each resolution.

The top 100 listed entities by market capitalization determined as on March 31st of every financial year, shall hold their annual general meetings within a period of five months from the date of closing of the financial year and shall also provide one-way live webcast of the proceedings of the annual general meetings.

Non-submission of the voting results within 48 hours of the conclusion of the meeting shall attract a penalty of Rs.10,000 per instance of non-compliance and not convening annual general meeting within a period of five months from the close of financial year will attract a penalty of Rs.25,000 per instance.

### **37. Change in name of the listed entity [Regulation 45]**

*(1) The listed entity shall be allowed to change its name subject to compliance with the following conditions:*

- (a) a time period of at least one year has elapsed from the last name change;*
- (b) at least fifty percent. of the total revenue in the preceding one-year period has been accounted for by the new activity suggested by the new name; or*
- (c) the amount invested in the new activity/project is at least fifty percent. of the assets of the listed entity:*

*Provided that if any listed entity has changed its activities, which are not reflected in its name, it shall change its name in line with its activities within a period of six months from the change of activities in compliance of provisions as applicable to change of name prescribed under Companies Act, 2013.*

*Explanation. - For the purpose of this regulation, -*

- (i) 'assets' of the listed entity means the sum of fixed assets, advances, works in Progress / Inventories, investments, trade receivables, cash & cash equivalents;*
- (ii) 'advances' shall include only those amounts extended to contractors and suppliers towards execution of project, specific to new activity as reflected in the new name.*

*(2) On satisfaction of conditions at sub-regulation (1), the listed entity shall file an application for name availability with Registrar of Companies.*

*(3) On receipt of confirmation regarding name availability from Registrar of Companies, before filing the request for change of name with the Registrar of Companies in terms of provisions laid down in Companies Act, 2013 and rules made thereunder, the listed entity shall seek approval from Stock Exchange by submitting a certificate from chartered accountant stating compliance with conditions at sub-regulation (1).*

A listed entity which has complied with the conditions stipulated under Regulation 45 can change its name by complying with the following procedure:

- File an application with the Registrar of Companies for name availability by specifying the desired name (new name/s).
- Make an application to the stock exchange seeking their approval once the Registrar of Companies confirms the availability of the new name.

- The application shall be accompanied by a certificate from a Chartered Accountant certifying that all the conditions specified under Regulation 45(1) have been complied with.
- The Stock Exchange shall approve the new name.
- Once the approval from the stock exchange has been received, the company shall approach the Registrar of Companies by filing a request for the change of name as approved by the stock exchange.

The Adjudicating Officer in the matter of 63 Moon Technologies Ltd has levied a penalty of Rs. 1,00,000 for not following the procedure for change of name as prescribed.

The circular on fines to be levied by the stock exchanges stipulates that an amount of Rs.25,000 per instance shall be levied by the stock exchange for not following the procedure.

### **38. Website [Regulation 46]**

*(1) The listed entity shall maintain a functional website containing the basic information about the listed entity.*

*(2) The listed entity shall disseminate the following information under a separate section on its website:*

*(a) details of its business;*

*(b) terms and conditions of appointment of independent directors;*

*(c) composition of various committees of board of directors;*

*(d) code of conduct of board of directors and senior management personnel;*

*(e) details of establishment of vigil mechanism/ Whistle Blower policy;*

*(f) criteria of making payments to non-executive directors, if the same has not been disclosed in annual report;*

*(g) policy on dealing with related party transactions;*

*(h) policy for determining 'material' subsidiaries;*

*(i) details of familiarization programmes imparted to independent directors including the following details: -*

*(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),*

*(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and*

*(iii) other relevant details*

*(j) the email address for grievance redressal and other relevant details;*

*(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;*

*(l) financial information including:*

*(i) notice of meeting of the board of directors where financial results shall be discussed;*

*(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved;*

*(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.;*

*(m) shareholding pattern;*

*(n) details of agreements entered into with the media companies and/or their associates, etc.;*

- (o) schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange;*
- (p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change;*
- (q) items in sub-regulation (1) of regulation 47.*
- (s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.]*

- (3) (a) The listed entity shall ensure that the contents of the website are correct.*
- (b) The listed entity shall update any change in the content of its website within two working days from the date of such change in content.*

Every listed entity shall maintain a functional website and under a separate section, (preferably "Investors") shall include all the details specified under Regulation 46. The contents of the website shall be correct and any change shall be updated in the website within 2 working days of the change in content.

As per the Circular on fines issued by SEBI, apart from advisory/warning letter per instance of non-compliance per item to be issued by the stock exchange, Rs.10,000 shall also be levied per instance for every additional advisory/warning letter exceeding the four advisory/ warning letters in a financial year for non-compliance of the norms specified for the maintenance of a functional website.

The Informal Guidance HCL Technologies Ltd by SEBI provides exemption to the inclusion of the financial statements of foreign subsidiaries which are not subject to audit as per their jurisdiction.

A penalty of Rs.25,00,000 was levied by the Adjudicating Officer on Saamya Biotech for several violations, including not maintaining an updated, functional website and also for not ensuring the contents in the website were correct.

### **39. Advertisements in Newspapers [Regulation 47]**

- (1) The listed entity shall publish the following information in the newspaper:*
  - (a) notice of meeting of the board of directors where financial results shall be discussed*
  - (b) financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor:*

*Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.*
  - (c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in directors report in annual report;*
  - (d) notices given to shareholders by advertisement.*
- (2) The listed entity shall give a reference in the newspaper publication, in sub-regulation (1), to link of the website of listed entity and stock exchange(s), where further details are available.*

*(3) The listed entity shall publish the information specified in sub-regulation (1) in the newspaper simultaneously with the submission of the same to the stock exchange(s).  
Provided that financial results at clause (b) of sub-regulation (1), shall be published within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved.*

*(4) The information at sub-regulation (1) shall be published in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated:*

*Provided that the requirements of this regulation shall not be applicable in case of listed entities which have listed their specified securities on SME Exchange.*

A listed entity, other than an entity which is listed on the SME Exchange, shall publish the following information in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated, by way of an advertisement simultaneously with the submission of the same to the stock exchange(s). Financial results can however be published within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved.

- Notice of meeting of the board of directors where financial results are to be discussed
- Financial results, as specified in regulation 33 of the Listing Regulations, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor.
- In case the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.
- Statements of deviation(s) or variation(s) as specified in Regulation 32(1) of the Listing Regulations on a quarterly basis after review by the Audit Committee and its explanation in directors report in annual report; and
- All notices given to shareholders.

A reference to the link of the website of listed entity and stock exchange(s), where further details are available in the advertisement shall also be given. The information shall be published in

The format of the results to be given in the newspaper shall be as per SEBI Circular No: CIR/CFD/FAC/62/2016 dated July 05, 2016

#### **40. Accounting Standards. [Regulation 48]**

*The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.*

A listed entity is under an obligation to comply with the applicable Accounting Standards notified from to time. The Whole Time Member has passed a restrictive Order in the matter of Ritman Infra and Kavit Industries since the companies did not follow the notified and applicable Accounting Standards.

## Chapter 5 – Checklist for Annual Secretarial Compliance

The following shall be verified while conducting the Annual Secretarial Compliance by a practicing company secretary

Sl.No	Compliance Requirement	Regulation Number	Documents to be verified
1	<p>1. Whether the Compliance Officer has confirmed the following:</p> <p>(a) conformity with the regulatory provisions applicable to the listed entity in letter and spirit.</p> <p>(b) co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.</p> <p>(c) that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations.</p> <p>(d) monitoring email address of grievance redressal division as designated by the listed entity for the purpose of registering complaints by investors.</p>	6(2)	Declaration from the Company Secretary (Compliance Officer) and disclosures made in this behalf
2	Whether the listed entity has appointed SEBI registered Share Transfer Agent (RTA) and submitted Compliance Certificate to the Stock Exchange regarding compliance with respect to share transfer facility?	7(1) & (3)	Agreement with the RTA and SEBI's website (For registered RTA). Copy of Compliance Certificate
3	Whether the listed entity has changed or appointed a new Share Transfer Agent (STA)? If so, whether tripartite agreement between the existing and new Share Transfer Agent and listed entity has been made?	7(4)	Copy of the tripartite agreement
4	Whether the listed entity has intimated about the appointment of STA to the Stock Exchange within seven days of entering into the agreement?	7(5)	Disclosure made to the stock exchanges
5	Whether the listed entity has formulated any policy for preservation of the documents, duly approved by its Board of Directors?	9	Preservation policy of the listed entity as approved by the Board of Directors.  Board Resolution
6	Whether the listed entity has filed the reports, statements, documents and any other information with the recognised Stock Exchange(s) on the electronic platform as specified by the SEBI or the recognised Stock Exchange(s)?	10	Website of the Exchange or the communications made to the exchange

7	<p>Whether, the listed entity has ensured that any scheme of arrangement /amalgamation / merger/reconstruction/reduction of capital etc. to be presented to any Court or Tribunal does not in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s)?</p> <p><i>However, exemption to this regulation is granted by way of circular issued by SEBI on November 30, 2015. SEBI had revised such exemption by way of issuing circular on March 10, 2017, September 21, 2017, January 03, 2018, February 22, 2018 and also made clarification related to "record date" on March 23, 2017.</i></p> <p><i>SEBI Circular No. CFD/CMD/CIR/ P/43/2018 dated February 22, 2018 lays down the detailed requirements to be complied with by listed entities while undertaking schemes of arrangements.</i></p>	11	Declaration from the Compliance Officer of the listed entity regarding the same
8	<p>Whether the listed entity has used any of the electronic mode of payment facility approved by the Reserve Bank of India, in the manner specified in Schedule I, for the payment of the following:</p> <p>(a) dividends;</p> <p>(b) interest;</p> <p>(c) redemption or repayment amounts.</p> <p>In case, where it is not possible to use electronic mode of payment, whether the listed entity has issued any 'payable-at-par' warrants or cheques</p>	12	<p>Random debits in the bank accounts of the listed entity.</p> <p>In case of physical dispatch, proof of dispatch.</p>
9	Whether the listed entity has registered itself on the SCORES platform, in order to handle investor complaints electronically?	13(2)	SEBI's SCORES website <a href="https://scores.gov.in/scores/EntityStatus.html">https://scores.gov.in/scores/EntityStatus.html</a>
10	Whether the listed entity has filed with the Recognized Stock Exchange, a statement with respect to investor complaints, on a quarterly basis	13(3)	<p>Copy of the statement submitted to the Stock Exchange.</p> <p>Website of the Stock Exchange</p>
11	Whether the statement as specified in sub-regulation (3) has been placed, on quarterly basis, before the Board of Directors of the listed entity?	13(4)	Minutes of the Board Meeting where the quarterly statement was placed.
12	Whether the listed entity has complied with the requirements of composition of Board of Directors	17(1)	Corporate Governance Report of the last quarter Board Resolution
13	<p>Whether any person appointed as director has been continuing the directorship as a non-executive director beyond the age of seventy-five years?</p> <p>If yes, whether a special resolution has been passed</p>	17(1A)	Special resolution and explanatory statement annexed to the notice for such resolution

	for the same?		Composition of the Board
14	Whether the requisite quorum was present during the Board Meetings?	17(2A)	Minutes of Board Meetings of the entire year
15	Whether the Board of Directors have laid down a Code of Conduct for all members of the Board and Senior management of the listed entity?	17(5)(a) & 26(3)	Copy of Code of Conduct and Disclosures on Website of the listed entity  Adherence of compliance given by the senior management and the Board of Directors to the Compliance Officer
16	Whether the CEO and CFO have provided the Compliance Certificate to the Board of Directors as specified in Part B Schedule II?	17(8)	Board Resolution  Copy of the Certificate
17	Whether the listed entity has laid down any procedures to inform members of Board of Directors about risk assessment and minimization procedures?	17(9)(a)	Board Resolution
18	Whether the directors of the listed entity have breached the limit of maximum number of directorship as required under these regulations	17A	Declaration by the Board  Corporate Governance Report of the last quarter
19	Whether the listed entity has constituted the following Committees along with the terms of reference:  i. Audit Committee; ii. Nomination and Remuneration Committee; iii. Stakeholders Relationship Committee; iv. Risk Management Committee.  Further, whether requisite quorum was present during the meeting of the above mentioned	18, 19, 20 and 21	Minutes of the meeting of the respective Committee.  Corporate Governance Report  Board Resolution
20	Whether the listed entity has formulated a vigil mechanism for directors and employees?	22	Whistle Blower Policy or Policy for vigil mechanism
21	Whether the listed entity has formulated a policy on materiality of related party transaction & on dealing with related party transactions?  Whether there has been any complaints made to the Board of Directors?	23(1)	Copy of Policies  Disclosures on Website.  CG Report.  Declaration from the Company Secretary that the complaints received, have been taken due care of.
22	Whether the Policies formulated by the listed entity on Related Party Transactions include clear threshold limits duly approved by the	23(1)	Board Resolution on review and

	Board of Directors		approval of Related Party Transactions (RPTs).
23	Whether at least one independent director on the Board of Directors of the listed entity is a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not?	24(1)	Minutes of the Board Meeting of the listed entity.
24	Whether the Audit Committee of the listed entity has also reviewed the financial statements, in particular, the investments made by the unlisted subsidiary?	24(2)	Minutes of the meeting of Audit Committee of the listed entity
25	Whether the minutes of Board Meetings of the unlisted subsidiary has been placed at the Board Meetings of the listed entity?	24(3)	Minutes of the Board Meeting of the listed entity
26	Whether, the management of the unlisted subsidiary has periodically brought to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary?	24(4)	Minutes of the Board Meeting of the listed entity
27	Whether any divestment of shares has been made by the holding company in the unlisted material subsidiary	24(5)	Minutes of the Board Meeting of the listed entity
28	Whether, selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year approved by a special resolution prior to such event. If so, then whether in case of the sale/disposal/lease be made under a scheme of arrangement duly approved by a Court/ Tribunal, or under a resolution duly approved under section 31 of the Insolvency and Bankruptcy Code and such an event has been disclosed to the recognized Stock Exchanges within one day of the resolution plan being approved	24(6)	Special Resolution and correspondence made to the Stock Exchange.  Copy of approval by the Court/Tribunal as the case may be
29	Whether the listed entity and its material unlisted subsidiaries incorporated in India have undertaken any Secretarial Audit	24A	Secretarial Audit Report
30	Whether the independent director(s) of the listed entity has complied with all the obligations as required under regulation 25?	25	Declaration from the Independent director
31	Whether the directors of the listed entity are not members in more than ten committees or do not act as chairpersons of more than five committees across all listed entities in which they are a director	26	Declaration or undertaking from the director confirming the same
32	Whether the non-executive directors have disclosed their shareholding, in the notice to the general meeting, in which they are supposed to be appointed?	26(4)	Notice of the general meeting. Consent letter from the non-executive directors. Declaration from the non-executive directors regarding the shareholding.
33	Whether any employee including Key Managerial	26(6)	Certified copy of the

	<p>Personnel or director or promoter of a listed entity has not entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, without prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution?</p> <p>Whether such agreement, if any, subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, has been disclosed to the Stock Exchanges for public dissemination?</p>		<p>Board Resolution / Ordinary Resolution. Correspondence with the Stock Exchange for public dissemination of such agreement</p>
34	<p>Whether the listed entity has submitted to the Stock Exchange the quarterly compliance report on Corporate Governance duly signed by the compliance officer or the CEO of the listed entity?</p>	27(2)	<p>Website of the Stock Exchange. Copy of the same may be obtained from the Compliance Officer</p>
35	<p>Whether the listed entity has issued any securities? If so, whether the listed entity has obtained 'in-principle' approval from recognized Stock Exchange</p>	28(1)	<p>Application made to the stock exchange. Approval received from the stock exchange</p>
36	<p>Whether the listed entity has given prior intimation to the Stock Exchange about the Board Meeting where the following proposal was due to be considered:</p> <ul style="list-style-type: none"> <li>- financial results viz. quarterly, half yearly, or annual, as the case may be</li> <li>- buyback of securities;</li> <li>- voluntary delisting;</li> <li>- fundraising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, Qualified Institutions Placement, debt issue, Preferential Issue or any other method and for determination of issue price;</li> <li>- declaration/ recommendation of dividend;</li> <li>- declaration of bonus securities;</li> <li>- any alteration in the form or nature of any of its securities that are listed on the Stock Exchange or in the rights or privileges of the holders thereof;</li> <li>- any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.</li> </ul>	29	<p>Correspondence with the stock exchange. Declaration from the Compliance Officer about the intimation of the proposed corporate action</p>

37	Whether the listed entity has made disclosure of any material events or information	30(1)	List of material events which have been disclosed to the Stock Exchange by Compliance Officer of the listed entity.  Declaration from Compliance Officer that no other material event has taken place during the period
38	Whether the listed entity has framed a policy for determination of materiality, as per the criteria specified duly approved by the Board of Directors?	30(4)(ii)	Copy of Policy duly approved by the Board of Directors.  Board Resolution  Website of the listed entity
39	Whether the listed entity has any archival policy? Whether all the event and information under Regulation so been disclosed on the website?	30(8)	Website of the entity  Copy of the Archival Policy
40	Whether the listed entity has submitted to the Stock Exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, within the prescribed timelines?	31(1)	Shareholding pattern filed with the Stock Exchange  Website of the Exchange
41	Whether the entire promoter and promoter group shareholding is in dematerialized form?	31(2)	Declaration from the promoters in this regard to be obtained  Website of the Exchange  Formats in which shareholding pattern has been filed.
42	Whether any person has applied for re-classification of his/her status as a promoter or public? If yes, whether the listed entity has made any application to the Stock Exchange in this behalf	31A(2)	Public Announcement and the resolution of the shareholders  Application made to the stock exchanges  Letter received from the Exchange granting permission for such re-classification.
43	Whether any of following material events has been disclosed by the listed entity to the Stock Exchanges as soon as reasonably possible as and not later than twenty-four hours from the occurrence of the event?  (a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;	31A(8)	Correspondence made to the Stock Exchanges.  Declaration from the Compliance Officer to be taken in this regard

	<p>(b) minutes of the Board Meeting considering such request which would include the views of the Board of Directors on the request;</p> <p>(c) submission of application for re-classification of status as promoter/publicly listed entity to the Stock Exchanges;</p> <p>(d) decision of the Stock Exchanges on such application as communicated to the listed entity.</p>		
44	Whether, the listed entity has submitted to the Stock Exchange on quarterly basis a statement of deviation (s) or variation (s), if any?	32(1)	<p>Stock Exchange website.</p> <p>Communication made to the Stock Exchange.</p> <p>Copy of statement of deviation (s) or variation (s).</p>
45	Whether the listed entity has furnished an explanation for the variation specified in sub-regulation (1), in the directors' report in the annual report?	32(4)	Explanation to the Board's report
46	<p>Whether the listed entity has submitted its:</p> <ul style="list-style-type: none"> <li>• quarterly and year-to-date standalone financial results;</li> <li>• quarterly / year-to-date consolidated financial results [in case of subsidiaries (s)];</li> <li>• annual audited standalone financial results along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion);</li> <li>• audited or limited reviewed financial results.</li> </ul>	33(3)	<p>Board's report.</p> <p>Minutes of Board Meeting where the financial results have been approved.</p> <p>Website of the Stock Exchange.</p>
47	<p>Whether the listed entity has also submitted as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities as at the end of the half-year?</p> <p>Whether, the listed entity has also submitted as part of its standalone and consolidated financial results for the half year, by way of a note, statement of cash flows for the half-year?</p> <p>Whether, the listed entity has ensured that, for the purposes of quarterly consolidated financial results, at least eighty percent of each of the consolidated revenue, assets and profits, respectively, would have been subject to audit or in case of unaudited results, subjected to limited review</p>	33(3) (f),(g) & (h)	Declaration from the listed entity regarding compliance of the same

48	Whether the listed entity has submitted to the Stock Exchange a copy of annual report	34(1)	Proof of dispatch in case of physical copy and if sent electronically, in that case e-mail sent in this regard. Correspondence made with the Stock Exchange.  Copy of Annual Report of the listed entity.
49	Whether the listed entity has submitted the copy of Business Responsibility Report (BRR) with the Stock Exchange? – if it is one of the top 1000 listed entities by market capitalization	34(2)(f)	Copy of the BRR filed with the Exchange
50	Whether the listed entity has sent all the requisite documents and information as required under these regulations to be sent to the shareholders?	36	Proof of dispatch
51	In case of the appointment of a new director or re-appointment of a director, whether the shareholders were provided with the following information?  (a) a brief resume of the director;  (b) nature of his 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; and  (e) shareholding of non-executive directors.	36(3)	Notice of AGM / EGM given in this regard  Annual Report
52	Whether the listed entity has obtained Observation letter or No-objection Letter from Stock Exchange for Draft Scheme of Arrangement & Scheme of Arrangement?  <i>Exemption has been granted by way of circular issued by SEBI on November 30, 2015. SEBI had revised such exemption by way of issuing circulars on March 10, 2017, September 21, 2017, January 03, 2018, February 22, 2018 and also made clarification related to "record date" on March 23, 2017.</i>	37(1)	Related disclosures made to the Stock Exchange.  Notice/ letter informing about the same scheme of arrangement.  Declaration from Compliance Officer that it has complied with the circulars issued by SEBI in this regard
53	Whether the listed entity has complied with the requirements of minimum public shareholding as specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957?	38	Shareholding pattern of the listed entity submitted to the Stock Exchange
54	Whether the listed entity has submitted information regarding loss of share certificates and issue of duplicate share certificates to the stock exchange	39(3)	Intimation made to the stock exchange
55	Whether the listed entity has intimated the record date to all the Stock Exchange(s) where it is listed/	42(1)	Notice given to the stock exchange for each corporate action
56	Whether the listed entity has declared and	43(1)	Dividend Declared

	disclosed the dividend on per share basis only		
57	Whether the listed entity (top 500 by market capitalization) has formulated a dividend distribution policy	43A(1)	Website of the listed entity Annual Report
58	Whether the listed entity has submitted the details of voting results to the stock exchange	44(3)	Communication made to the Stock Exchange regarding voting results
59	Whether the listed entity (if falling within the top 100 entities by market capitalization) has held its Annual General Meeting within a period of five months from the date of closing of the financial year and provided webcasting facility?	44(5)&(6)	Minutes of the Annual General Meeting
60	Whether the listed entity has changed its name during the past one year?	45(1)	Disclosures made to the Stock Exchange and RoC. Certificate from Chartered Accountant provided in this regard
61	Whether the listed entity has maintained a functional website containing the basic information about the listed entity	46(1)	Website of the Company
62	Whether the listed entity has published the following in the newspaper: <ul style="list-style-type: none"> <li>– Notice of Board Meeting where financial results has been discussed.</li> <li>– Financial results along with modified opinion(s) or reservation (s), if any.</li> <li>– Statement of deviation(s) or variation(s).</li> <li>– Notices given to shareholders by advertisement</li> </ul>	47(1)	Copy of newspapers where such information was published.

**[Source: ICSI Guidance Note on Annual Secretarial Compliance Report]**