



Audit

Suitably
incorporated
SEBI's Informal
guidance

e-Ready Reference on

SECRETARIAL AUDIT
(PART-II)/ANNUAL
SECRETARIAL COMPLIANCE
REPORT

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Highlights

- Comments/Author's View on regulation
- Regulation wise Audit Points
- SEBI's Frequently Asked Questions
- SEBI's Informal Guidance giving practical insight to Regulations
- Circulars Issued by SEBI/BSE & NSE
- Sample Management Representation Letter
- Auditing Standards issued by ICSI
- SEBI's Relaxations due to Covid-19 Pandemic

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Dedicated to all those strenuous professionals who believe in their efforts without the fear of being judged

Preface

During the course of my 17 years professional career, I have learnt one thing that ***“Only those who do not work- do not make mistakes”***. The journey of my professional career started as a Management Trainee in the year 2003, with Housing & Urban Development Company Limited (HUDCO) in their Internal Audit Department. In initial stages, I got the opportunity to learn a lot of things .Thanks to the nature of my department (Internal Audit), where we probe the mistakes of others; it proved to be a great learning experience. There we trainees were at the receiving end, as with no experience of having ever worked and never ever have committed any mistakes, we were digging in to the mistakes of others. Quite an experience!!

After completion of my training, I worked with different companies and then for good decided to start my own practice as a Practicing Company Secretary. It is then, that I realised that execution of work is not infallible. We tend to commit inadvertent mistakes. With few blunders and errors, I, begin to develop some processes in order to minimise the mistakes. Here, then I understood the real value of Audit.

We always hesitate to get audited and this is human nature. But when we develop this attitude, that it's ***OK*** to commit mistakes un-intentionally and it's not about being the best, It's about being better than you were yesterday, then we can always welcome the Auditor and can improvise our work .

Secretarial Audit was first introduced in Companies Act, 2013 and then by SEBI vide introduction of Regulation 24A of LODR Regulation introduced Annual Secretarial Compliance Report.

Every time, while conducting Audits, I always thought to compile a book, which will assist my fellow professionals in discharging of their statutory duties in a more effective manner. However, due to own professional engagements, never got enough time to do so.

Due to Covid-19 pandemic, we all are lock-down in our own house. I would not say that this is a good time but nevertheless it is a time not to grumble but to make best out of it. Since, there are less professional assignments than usual, I thought of investing this time in compilation of my book.

I know, there may be thousands of mistakes in this compilation but I don't fear for being audited by my fellow professionals. This is my first compilation and not sure whether it is up to the mark or not. Due to paucity of time and of course lockdown, I am unable to get it reviewed. So this compilation is being forwarded to you in as it is manner therefore, request you to bring to my knowledge the mistakes, so that necessary corrections can be made wherever required.

Last but not the least, I express my gratitude to all my seniors, colleagues, teachers, even my juniors, and my trainees, who have been part of professional journey so far. They all have contributions in my career which have helped me to become better version of myself. The journey still continues.....
I conclude with a pray for good health and strength for you and your family, in current situation.

Best Regards
Debasis Dixit

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GAZETTE OF INDIA
EXTRAORDINARY
PART – III – SECTION 4
PUBLISHED BY AUTHORITY
NEW DELHI, SEPTEMBER 02, 2015
SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION

Mumbai, the 2nd September, 2015

SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE
REQUIREMENTS) REGULATIONS, 2015

No. SEBI/LAD-NRO/GN/2015-16/013 In exercise of the powers conferred by section 11, sub-section (2) of section 11A and section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) read with section 31 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Securities and Exchange Board of India hereby makes the following Regulations, namely:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (1) These regulations may be called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(2) They shall come into force on the **ninetieth day from the date of their publication** in the Official Gazette:

Provided that the provisions of sub-regulation (4) of regulation 23 and regulation 31A shall come into force on the **date of notification of these regulations**.

Definitions.

2. (1) In these regulations, unless the context otherwise requires:—

(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) "associate" shall mean **any entity** which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s) for which the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 shall be applicable;

{Note:- "associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation.—For the purpose of this clause,—

(a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;}

(c) "Board" means the Securities and Exchange Board of India established under section 3 of the Act ;

(d) "board of directors" or "board of trustees" shall mean the board of directors or board of trustees, whichever applicable, of the listed entity;

(e) "chief executive officer" or "managing director" or "manager" shall mean the person so appointed in terms of the Companies Act, 2013;

(f) "chief financial officer" or "whole time finance director" or "head of finance", by whatever name called, shall mean **the person heading and discharging the finance function of the listed entity as disclosed by it to the recognised stock exchange(s) in its filing under these regulations**;

(g) "committee" shall mean committee of board of directors or any other committee so constituted;

(h) "designated securities" means 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,]1 units issued by mutual funds and any other securities as may be specified by the Board ;

(i) "financial year" shall have the same meaning as assigned to it under sub-section (41) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(41) of the Companies Act, 2013, "financial year", in relation to any company or body corporate, means the period ending on the 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof financial statement of the company or body corporate is made up:

Provided that where a company or body corporate, which is a holding company or a subsidiary or associate company of a company incorporated outside India and **is required to follow a different financial year for consolidation of its accounts outside India**, the Central Government may, on an application made by that company or body corporate in such form and manner as may be prescribed, allow any period as its financial year, whether or not that period is a year:

Provided also that any application pending before the Tribunal as on the date of commencement of the Companies (Amendment) Ordinance, 2019, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement

Provided also that a company or body corporate, existing on the commencement of this Act, shall, within a period of two years from such commencement, align its financial year as per the provisions of this clause ;}

(ia) "fugitive economic offender" shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018);

(j) "global depository receipts" means global depository receipts as defined in sub-section (44) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(44) of the Companies Act, 2013, "Global Depository Receipt" means any instrument in the form of a depository receipt, by whatever name called, created by a foreign depository outside India **and authorized by a company making an issue of such depository receipts;**}

(k) "half year" means the period of six months **commencing on the first day of April or October of a financial year;**

{Comments:- From the definition of half year, the listed entity should maintained financial year starting from 1st April or from 1st October and cannot maintained any other period as its financial year }

(l) "half yearly results" means the financial results prepared in accordance with these regulations in respect of a half year;

(m) "holding company" means a holding company as defined in sub-section (46) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(46) of the Companies Act, 2013, "holding company", in relation to one or more other companies, means a company of which such companies are subsidiary companies;}

(n) 'Indian depository receipts' means Indian depository receipts as defined in sub-section(48) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(48) of the Companies Act, 2013, "Indian Depository Receipt" means any instrument in the form of a depository receipt created by a domestic depository in India **and authorized by a company incorporated outside India making an issue of such depository receipts}**

(na) "Insolvency Code" means the Insolvency and Bankruptcy Code, 2016 [No. 31 of 2016]

(o) "key managerial personnel" means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(51) of the Companies Act, 2013, "key managerial personnel", in relation to a company, means—

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the company secretary;

(iii) *the whole-time director;*

(iv) the Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed}

(p) "listed entity" means 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 the entity and the recognised stock exchange(s);

(q) "listing agreement" shall mean an agreement that is entered into between a recognised stock exchange and an entity, on the application of that entity to the recognised stock exchange, undertaking to comply with conditions for listing of designated securities;

(r) "main board" means main board as defined in clause (a) of sub-regulation (1) of regulation 106N of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(s) "net worth" means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(57) of the Companies Act, 2013, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;}

(t) 'non-convertible debt securities' which is 'debt securities' as defined under regulation 2(1)(e) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

{Note:- As per regulation 2(1)(e) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, "debt securities" means non-convertible debt securities which create or acknowledge indebtedness and includes debentures, bonds and such other securities of a body corporate or a Trust registered with the Board as a Real Estate Investment Trust or an Infrastructure Investment Trust, or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the body corporate or not, but excludes bonds issued by Government or such other bodies as may be specified by the Board, security receipts and securitized debt instruments;}

(u) 'non-convertible redeemable preference shares', 'perpetual debt instrument'/'innovative perpetual debt instrument' and 'perpetual non-cumulative preference share' shall have the same meaning as assigned to them in the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013;

{Note:-As per Regulation 2(k) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013", non-convertible redeemable preference share" means a preference share which is redeemable in accordance with the provisions of the Companies Act, 1956 and does not include a preference share which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder;

As per Regulation 2(h) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013"innovative perpetual debt instrument" means an innovative perpetual debt instrument issued by a bank in accordance with the guidelines framed by the Reserve Bank of India;

As per Regulation 2(l) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013""perpetual non-cumulative preference share" means a perpetual non-cumulative preference share issued by a bank in accordance with the guidelines framed by the Reserve Bank of India; }

(v) "offer document" shall have the same meaning assigned to it under clause (x) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, clause (j) of sub-regulation(1) of regulation 2 of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, clause (p) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, clause (r) of regulation 2 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and clause (l) of sub-regulation (1) of regulation 2 of the [Securities and Exchange Board of India (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008, as may be applicable;

(w) "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, 2009.

{Note:-As per Regulation 2(oo) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 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 the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent. or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under these regulations;

As per Regulation 2(pp) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 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 of the spouse); and
- iii) in case promoter is a body corporate:
 - A) a subsidiary or holding company of such body corporate;
 - B) any body 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":

Provided that a financial institution, scheduled 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 the Board from time to time, shall not be deemed to be promoter group merely by virtue of the fact that twenty per cent. or more of the equity share capital of the promoter is held by such person or entity:

Provided further that such 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 the Board from time to time shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them; }

(x) "public" means public as defined under clause (d) of rule 2 of the Securities Contracts (Regulation) Rules, 1957;

{**Note:-**As per clause (d) of rule 2 of the Securities Contracts (Regulation) Rules, 1957, "public" means persons other than –

(i) the promoter and promoter group;

(ii) subsidiaries and associates of the company.

Explanation: For the purpose of this clause the words "promoter" and "promoter group" shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;}

(y) "public shareholding" means public shareholding as defined under clause (e) of rule 2 of the Securities Contracts (Regulation) Rules, 1957;

{**Note:-** As per clause (e) of rule 2 of the Securities Contracts (Regulation) Rules, 1957 "public shareholding" means **equity shares of the company held by public** and shall exclude shares which are held by custodian against depository receipts issued overseas}

(z) "quarter" means the period of **three months commencing on the first day of April, July, October or January of a financial year;**

(za) "quarterly results" means the financial results prepared in accordance with these regulations in respect of a quarter;

(zb) "related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

{Note: -As per Section 2(76) of Companies Act, 2013 "related party", with reference to a company, means—

(i) a director or his relative;

(ii) a 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 ¹[or his relative] is a member or director;

(v) a public company in which a director and manager is a director ²[and holds] along with his relatives, more than two per cent 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 body corporate which is—

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

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

(C) an investing company or the venturer of the company;"

Explanation.—For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

(ix) such other person as may be prescribed;

For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.}

(zc) "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 and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

(zd) "relative" means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

{As per Section 2(77) of Companies Act, 2013 "relative", with reference to any person, means anyone who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) they are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed;

List of Relatives in Terms of Clause (77) of section 2

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) *Father: Provided that the term "Father" includes step-father.*
(2) *Mother: Provided that the term "Mother" includes the step-mother.*
(3) *Son: Provided that the term "Son" includes the step-son.*
(4) *Son's wife.*
(5) *Daughter.*
(6) *Daughter's husband.*
(7) *Brother:*
Provided that the term "Brother" includes the step-brother;
(8) *Sister: Provided that the term "Sister" includes the step-sister.*

Provided this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s);

(ze) "schedule" means a schedule annexed to these regulations;

(zf) "securities laws" means the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, and the provisions of the Companies Act, 1956 and Companies Act, 2013, and the rules, regulations, circulars or guidelines made thereunder.

(zg) "securitized debt instruments" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008;

{Note:-As per Regulation 2(s) of Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, "securitised debt instrument" means any certificate or instrument, by whatever name called, of the nature referred to in sub-clause (ie) of clause (h) of section 2 of the Act issued by a special purpose distinct entity }

(zga) "Security receipts" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008;

{Note:- As per Regulation 2(s) of Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, "security receipt" shall have the same meaning assigned to it in clause (zg) of sub-section (1) of section 2 of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

As per clause (zg) of sub-section (1) of section 2 of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 "security receipt" means a receipt or other security, issued by a securitization company or reconstruction company to any qualified institutional buyer pursuant to a scheme, evidencing the purchase or acquisition by the holder thereof, of an undivided right, title or interest in the financial asset involved in securitization;}

(zh) "servicer" means servicer as defined under clause(t) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008;

{Note:-As per clause(t) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 "servicer" means any person appointed by the special purpose distinct entity and who is responsible for

the management or collection of the asset pool or making allocations or distributions to holders of the securitised debt instrument in accordance with these regulations but does not include a trustee for the issuer if the trustee receives such allocations or distributions; }

(zi) "small and medium enterprises" or "SME" shall mean an entity which has issued specified securities in accordance with the provisions of Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(zj) "SME Exchange" means an SME exchange as defined under clause (c) of sub-regulation (1) of regulation 106N of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(zk) "stock exchange" means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956;

(zl) 'specified securities' means 'equity shares' and 'convertible securities' as defined under clause (zj) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(zm) "subsidiary" means a subsidiary as defined under sub-section(87) of section 2 of the Companies Act, 2013;

{Note:- As per Section 2(87) of the Companies Act, 2013, "subsidiary company" or "subsidiary", in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or

(ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

(c) the expression "company" includes anybody corporate;

(d) "layer" in relation to a holding company means its subsidiary or subsidiaries;}

(2) All other words and expressions used but not defined in these regulations, but defined in the Act or the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Applicability of the regulations.

3. Unless otherwise provided, these regulations shall apply to the listed entity who has listed any of the following designated securities on recognised stock exchange(s):

- (a) specified securities listed on main board or SME Exchange or institutional trading platform;
- (b) non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares;
- (c) Indian depository receipts;
- (d) securitised debt instruments;
- (da) security receipts;
- (e) units issued by mutual funds;
- (f) any other securities as may be specified by the Board.

Regulation No	Provisions	Check Point
CHAPTER II PRINCIPLES GOVERNING DISCLOSURES AND OBLIGATIONS OF LISTED ENTITY		
4(1)	<p>The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with <u>the following principles</u>:</p> <p>(a) Information shall be prepared and disclosed in accordance with <u>applicable standards of accounting and financial disclosure</u>.</p> <p>Comments:-This principle directs company to abide all applicable standards of accounting & financial disclosure in all its disclosures to the Stock Exchange.</p> <p>As per Section 129 of the Companies Act, 2013, financial statements should be in accordance with accounting standards. Where the financial statements of a company do not comply with the accounting standards referred to in sub-section (7), the company shall disclose in its financial statements, the deviation from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation.</p> <p>The directors of a listed entity also required to give declaration in terms of Director's Responsibility Statement under Section 134(5) that:-</p> <ul style="list-style-type: none">(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period; <p>(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.</p>	

	<p>Comments:- This principle directs company to implement all applicable standards in both letter and spirit. This principle also directs company to keep in mind the interest of all stakeholders while preparing the financial statement.</p> <p>This principle further directs company to ensure that audit is conducted by an Independent, competent and qualified auditor.</p> <p>As per Section (1) A person shall be eligible for appointment as an auditor of a company only if he is a chartered accountant: Provided that a firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be auditor of a company.</p> <p>(2) Where a firm including a limited liability partnership is appointed as an auditor of a company, only the partners who are chartered accountants shall be authorised to act and sign on behalf of the firm.</p> <p>(3) The following persons shall not be eligible for appointment as an auditor of a company, namely:—</p> <p>(a) a body corporate other than a limited liability partnership registered under the Limited Liability Partnership Act, 2008;</p> <p>(b) an officer or employee of the company;</p> <p>(c) a person who is a partner, or who is in the employment, of an officer or employee of the company;</p> <p>(d) a person who, or his relative or partner—</p> <p>(i) is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company: Provided that the relative may hold security or interest in the company of face value not exceeding one thousand rupees or such sum as may be prescribed; As per Rule 10(1) of Companies (Audit & Auditors) Rule, 2014, for the purpose of proviso to sub-clause (i) of clause (d) of sub-section (3) of section 141, a relative of an auditor may hold securities in the company of face value not exceeding rupees one lakh: Provided that the condition under this sub-rule shall, wherever relevant, be also applicable in the case of a company not having share capital or other securities: Provided further that in the event of acquiring any security or interest by a relative, above the threshold prescribed, the corrective action to maintain the limits as specified above shall be taken by the auditor within sixty days of such acquisition or interest.</p> <p>(ii) is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of such amount as may be prescribed; or</p> <p>As per Rule 10(2) of Companies (Audit & Auditors) Rule, 2014, for the purpose of sub-clause (ii) of clause (d) of sub-section (3) of section 141, a person who or whose relative or partner is indebted to the company or its subsidiary or its holding or associate company or a subsidiary of such holding company, in excess of rupees five lakh shall not be eligible for appointment.</p> <p>(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, for such amount as may be prescribed;</p>
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<p>As per Rule 10(3) of Companies (Audit & Auditors) Rule, 2014, for the purpose of sub-clause (iii) of clause (d) of sub-section (3) of section 141, a person who or whose relative or partner has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of one lakh rupees shall not be eligible for appointment.</p> <p>(e) a person or a firm who, whether directly or indirectly, has business relationship with the company, or its subsidiary, or its holding or associate company or subsidiary of such holding company or associate company of such nature as may be prescribed;</p> <p>As per Rule 10 (4) For the purpose of clause (e) of sub-section (3) of section 141, the term "business relationship" shall be construed as any transaction entered into for a commercial purpose, except -</p> <p>(i) commercial transactions which are in the nature of professional services permitted to be rendered by an auditor or audit firm under the Act and the Chartered Accountants Act, 1949 and the rules or the regulations made under those Acts;</p> <p>(ii) commercial transactions which are in the ordinary course of business of the company at arm's length price - like sale of products or services to the auditor, as customer, in the ordinary course of business, by companies engaged in the business of telecommunications, airlines, hospitals, hotels and such other similar businesses.</p> <p>(f) a person whose relative is a director or is in the employment of the company as a director or key managerial personnel;</p> <p>(g) a person who is in full time employment elsewhere or a person or a partner of a firm holding appointment as its auditor, if such persons or partner is at the date of such appointment or reappointment holding appointment as auditor of more than twenty companies.</p> <p>(h) a person who has been convicted by a court of an offence involving fraud and a period of ten years has not elapsed from the date of such conviction;</p> <p>(i) a person who, directly or indirectly, renders any service referred to in section 144 to the company or its holding company or its subsidiary company.</p> <p>Explanation.—For the purposes of this clause, the term "directly or indirectly" shall have the meaning assigned to it in the Explanation to section 144.</p> <p>(4) Where a person appointed as an auditor of a company incurs any of the disqualifications mentioned in sub-section (3) after his appointment, he shall vacate his office as such auditor and such vacation shall be deemed to be a casual vacancy in the office of the auditor.</p> <p>Apart from the above, as per Clause 33 (1)(d) of Securities and Exchange Board of India (Listing obligations and disclosure requirements) Regulations, 2015, 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.</p> <p>Competency of Auditor is more a related term, rather legal. Competent is defined as "having suitable or sufficient skill, knowledge, experience, etc., for some purpose; properly qualified. It's the responsibility of the Audit committee, while recommending the appointment of Auditor ensure that the proposed Auditor is competent enough to</p>
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conduct the audit in a fair and transparent manner.

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

Comments:- Its one of the vital principle. The listed company should refrain in disclosing misleading information. Utmost care should be taken while preparing the disclosure. The Disclosures should self sufficient for the Investor for taking an informed decision. A statement which is "technically true" but which gives a misleading impression is deemed an "untrue statement". If a misstatement is made and later the representor finds that it is false, it becomes fraudulent unless the representor updates the other party. If the statement is true at the time, but becomes untrue due to a change in circumstances, the representor must update the original statement. Actionable misrepresentations must be misstatements of fact or law: misstatements of opinion or intention are not deemed statements of fact; but if one party appears to have specialist knowledge of the topic, his "opinions" may be considered actionable misstatements of fact. For example, false statements made by a seller regarding the quality or nature of the property that the seller has may constitute misrepresentation.

Companies Act, 2013- Section 448- Punishment for False Statement

Save as otherwise provided in this Act, if in any return, report, certificate, financial statement, prospectus, statement or other document required by, or for, the purposes of any of the provisions of this Act or the rules made thereunder, any person makes a statement,—

(a) which is false in any material particulars, knowing it to be false; or

(b) which omits any material fact, knowing it to be material, he shall be liable under section 447

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

Comments:-In order to enable investors to make well-informed investment decisions, timely, adequate and accurate disclosure of information on an ongoing basis is essential. Also, there is a need of uniformity in disclosures made by listed entities to ensure compliance in letter and spirit. Towards this end, **Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") deals with disclosure of material events by the listed entity whose equity and convertibles securities are listed.** Such entity is required to make disclosure of events specified under Part A of Schedule III of the Listing Regulations.

The Listing Regulations divide the events that need to be disclosed broadly in two categories. The events that have to be necessarily disclosed without applying any test of materiality are indicated in Para A of Part A of Schedule III of the Listing Regulation. Para B of Part A of Schedule III indicates the events that should be disclosed by the listed entity, if considered material.

SEBI further vide Circular No CIR/CFD/CMD/4/2015 September 09, 2015 mandates listed companies to follow uniformity in disclosures upon certain events. Listed company should

	<p>follow the essence of this circular and apply same in other events not mentioned in the said circular.</p> <p>(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, <u>are adequate, accurate, explicit, timely and presented in a simple language.</u></p> <p>Comments:- This principle puts an obligation upon the listed entity to disseminate adequate, accurate, explicit, timely information. The listed entity also uses simple language while drafting the disclosures and ensure that the language used are not misleading at all.</p> <p>The listed entity should disseminate information in true spirit because the qualities of dissemination depict the governance culture of the company and also satisfy the investor for taking informed decision.</p> <p>(f) Channels for disseminating information shall provide <u>for equal, timely and cost efficient access to relevant information by investors.</u></p> <p>Comments:-This principle puts an obligation on listed entity to provide equal, timely and cost efficient access to relevant information. As per Regulation 46 of SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, the listed entity shall maintain a functional website containing the basic information about the listed entity and list of documents/information required to be disclosed are specified in the said regulation.</p> <p>The listed entity should update its website on a continuous basis and upload all required information in a time bound manner.</p> <p>However, on the flip side, we have observed that there are some habitual frivolous litigant, who unnecessarily harass the company be demanding long irrelevant list of documents even though these documents are publicly available.</p> <p>(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also <u>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.</u></p> <p>As per SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, it's one of the key responsibility of board of directors to ensure 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.</p> <p>Further as per Regulation 6 (2) of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, the compliance officer of the listed entity shall be responsible for-</p>
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	<p>(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.</p> <p>It's the primary responsibility of Board of Directors of the listed company to 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</p> <p>(h) The listed entity shall make the <u>specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.</u></p> <p>Comments:- This principle puts an obligation on listed entity to ensure that company makes all specified disclosure and comply all obligations in both letter and spirit.</p> <p>The company should always protect the interest of minority shareholders against abusive oppression.</p> <p>Section 241 of the Companies Act, 2013 empowers member to approach National Company Law Tribunal for relief in cases of oppression. The company should refrain for any such activity which will tantamount to oppression or abusive to a particular group of stakeholders.</p> <p>(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall <u>contain relevant information.</u></p> <p>Comments:- Relevant information is one of the key ingredient for taking an informed investment decision. This principle puts an obligation upon the listed entity to disseminate relevant information in all its event based and periodical filling.</p> <p>SEBI has prescribed the formats for both periodical as well as some event based disclosures. Listed entity should adhere to all those formats both in letter and spirit.</p> <p>(j) Periodic filings, reports, statements, documents and information reports shall contain information <u>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.</u></p> <p>Comments:- This principle puts an obligation to disclose the information, periodic filings, and documents in such a manner that the performance of the listed entity can easily be ascertained by the Investors. The listed entity must ensure that the periodic information contained comparative charts/figures, so that the current status of the company in comparison to its past and peers can easily be ascertained.</p>
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CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2017/10

February 6, 2017

Sub: Integrated Reporting by Listed Entities

1. SEBI has mandated the requirement of submission of Business Responsibility Report ('BRR') for top 500 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR"). The key principles which are required to be reported by the entities pertain to areas such as environment, governance, stakeholder's relationships, etc.

2. Today an investor seeks both financial as well as non-financial information to take a well-informed investment decision. An integrated report aims to provide a concise communication about how an organisation's strategy, governance, performance and prospects create value over time. Further it may be noted that the concept of integrated reporting is being discussed at various international forums. The purpose of integrated reporting is to provide shareholders and interested stakeholders with relevant information that is useful for making investment decisions.

3. Regulation 4(1)(d) of SEBI LODR states *"the listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors"*.

IOSCO Principle 16 states *"there should be full, accurate and timely disclosure of financial results, risks and other information that is material to investors' decisions."*

4. In this regard, the International Integrated Reporting Council ('IIRC') has prescribed following Guiding Principles which underpin the preparation of an integrated report, specifying the content of the report and how information is to be presented:

☑ Strategic focus and future orientation: An integrated report should provide insight into the organization's strategy and how it relates to the organization's ability to create value in the short, medium and long term, and to its use of and effects on capital

☑ Connectivity of information: An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time

☑ Stakeholder relationships: An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests

☑ Materiality: An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term

☑ Conciseness: An integrated report should be concise

☑ Reliability and completeness: An integrated report should include all material matters, both positive and negative, in a balanced way and without material error

☑ Consistency and comparability: The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.

	<p>5. All organizations depend on various forms of capital for their success. It is important that all such forms of capital are disclosed to stakeholders to enable informed investment decision making. IIRC has categorized the forms of capital as follows:</p> <ul style="list-style-type: none"> ☑ Financial capital ☑ Manufactured capital ☑ Intellectual capital ☑ Human capital ☑ Social and relationship capital ☑ Natural capital <p>6. The International Integrated Reporting Council ('IIRC') has prescribed Integrated Reporting Framework at following web link: http://integratedreporting.org/wp-content/uploads/2015/03/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf</p> <p>7. It has been observed that certain listed entities in India and other jurisdictions have been making disclosures by following the principles of integrated reporting. Towards the objective of improving disclosure standards, in consultation with industry bodies and stock exchanges, the listed entities are advised to adhere to the following:</p> <ol style="list-style-type: none"> a. Integrated Reporting may be adopted on a voluntary basis from the financial year 2017-18 by top 500 companies which are required to prepare BRR. b. The information related to Integrated Reporting may be provided in the annual report separately or by incorporating in Management Discussion & Analysis or by preparing a separate report (annual report prepared as per IR framework). c. In case the company has already provided the relevant information in any other report prepared in accordance with national/international requirement / framework, it may provide appropriate reference to the same in its Integrated Report so as to avoid duplication of information. d. As a green initiative, the companies may host the Integrated Report on their website and provide appropriate reference to the same in their Annual Report.
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4(2)	<p>The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below-</p> <p><u>(a) The rights of shareholders</u></p> <p>The listed entity shall seek to protect and facilitate the exercise of the following rights of shareholders:</p> <p>(i) <u>Right to participate</u> in and to be sufficiently informed of, decisions concerning <u>fundamental corporate changes</u>.</p> <p>Comments:- Fundamental corporate changes includes amendments to the memorandum or articles of incorporation; issue of additional shares; merger, winding up and extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.</p> <p>(ii) Opportunity to <u>participate effectively</u> and vote in <u>general shareholder meetings</u>.</p> <p>(iii) being informed of the rules, including voting procedures that govern general shareholder meetings.</p> <p>(iv) Opportunity to ask questions to the board of directors, <u>to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations</u>.</p> <p>(v) Effective shareholder participation in key <u>corporate governance decisions</u>, such as the nomination and election of members of board of directors.</p> <p>(vi) exercise of ownership rights by all shareholders, including institutional investors.</p> <p>(vii) adequate mechanism to address the grievances of the shareholders.</p> <p>(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.</p> <p>4(b) Timely information: The listed entity shall provide adequate and timely information to shareholders, including but not limited to the following:</p> <p>(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.</p> <p>(ii) Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership.</p> <p>(iii) rights attached to all series and classes of shares, which shall be disclosed to investors before they acquire shares.</p>	<ol style="list-style-type: none"> 1. Check the mechanism adopted by the Company to protect Shareholders' Right –The Company should facilitate the exercise of Shareholders' Right 2. Check the Mechanism adopted by the Company to facilitate shareholders to ask questions or put agenda before the Board-Some companies through news paper advertisement invite questions/agenda items from shareholders along with Board meeting notice 3. Check whether company has informed the rules governing shareholders meeting, voting methodology and process along with EOGM/AGM Notice. 4. Check mechanism adopted by the company for grievance redressal. 5. Check whether there is any incident of abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly during the financial year against minority shareholder.
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	<p>4(c) Equitable treatment: The listed entity shall ensure equitable treatment of all shareholders, including minority and foreign shareholders, in the following manner:</p> <ul style="list-style-type: none"> (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. (iv) The listed entity shall <u>devise a framework</u> to avoid insider trading and abusive self-dealing. (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. <p>Comments:- This principle requires that the listed entity shall protect the legal rights of the shareholders and also facilitate the shareholders for exercise of their rights. This principle is based on the primary corporate governance frame work which directs entities to protect and facilitate its stakeholder's right. Good corporate governance has always been about organisations achieving the best possible results. The first principles of corporate governance were largely concerned with shareholder protection – ensuring that the interests of shareholders could be aligned as closely as possible with the actions of management.</p> <p>Shareholders always anxious for the capital they provide. It's the responsibility of corporate managers, board members or controlling shareholders to protect the capital from misuse or misappropriation. This is an important factor in the development and proper functioning of capital markets. Corporate boards, managers and controlling shareholders may have the opportunity to engage in activities that advance their own interests at the expense of non-controlling shareholders. In jurisdictions where the enforcement of the legal and regulatory framework is weak, it can be desirable to strengthen the rights of shareholders such as by low share ownership thresholds for placing items on the agenda of the shareholders meeting or by requiring a supermajority of shareholders for certain important decisions. The <i>Principles</i> support equal treatment for foreign and domestic shareholders in corporate governance. They do not address government policies to regulate foreign direct investment.</p>
	<p>4(d) Role of stakeholders in corporate governance: The listed entity shall recognize the rights of its stakeholders and encourage co-operation between listed entity and the stakeholders, in the following manner:</p> <ul style="list-style-type: none"> (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

	<p>regular basis to enable them to participate in corporate governance process.</p> <p>(iv) The listed entity shall <u>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.</u></p>	
	<p>4(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:</p> <p>(i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.</p> <p>(ii) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by users.</p> <p>(iii) Minutes of the meeting shall be maintained explicitly recording dissenting opinions, if any.</p> <p>Comments:-This principle puts responsibility on listed entity to ensure timely and accurate disclosure on all material matters. Material matter means events as defined in company’s policy for determining materiality. Timely disclosure and transparency is the key to good corporate governance. Hence company should comply this principle in its true spirit.</p> <p>Minutes of the meeting should be carefully drafted and agenda items passed through unanimous majority should clearly depict the same. In case it was not approved, unanimously, then dissenting opinion along with name should be clearly written in the minutes. Although Chairman of the meeting has the discretion as per Section 118(6) to the inclusion or non-inclusion of any matter in the minutes, if in his opinion the matter is or could reasonably be regarded as defamatory of any person or is irrelevant or immaterial to the proceedings or is detrimental to the interest of the company. However, the Chairman should use his discretion in a very limited manner.</p>	
	<p>4(f) Responsibilities of the board of directors: The board of directors of the listed entity shall have the following responsibilities:</p> <p>(i) Disclosure of information:</p> <p>(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, <u>have a material interest in any transaction or matter directly affecting the listed entity.</u></p> <p>Comments:- Material interest is not defined in LODR. However, material transaction is defined in Regulation 23. Every directors and KMP are required to disclosure their interest every year. In case there is any conflict of interest, then it has to be deliberate and approve by the Board. However, for good corporate governance, the listed entity should refrain itself from related party transactions as far as possible.</p> <p>(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.</p>	

<p>Comments:-The Board of directors and senior management should act in such a manner that operational transparency as well as business confidentiality can be maintained simultaneously. The disclosures made by the listed entity should always reflect the operational transparency of the company.</p> <p><u>(ii) Key functions of the board of directors-</u></p> <p>(1) Reviewing and guiding <u>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</u></p> <p>Comments:- The Operational manager should bring to the notice/approval of Board for their review the corporate strategy, major plans of action, risk policy, annual budgets and business plans, performance objectives, corporate performance and major capital expenditures, acquisitions and divestments. The minutes of the Board should reflect all those business transacted and discussed in their meeting.</p> <p>2) Monitoring the effectiveness of the listed entity's <u>governance practices</u> and making changes as needed.</p> <p>Comments:-The Board should periodically review the governance practice. To remain competitive in a changing world, listed entity must innovate and adapt their corporate governance practices so that they can meet new demands and grasp new opportunities.</p> <p>(3) Selecting, compensating, monitoring and, when necessary, replacing <u>key managerial personnel and overseeing succession planning.</u></p> <p>(4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.</p> <p>Comments:- The remuneration policy of the company should focus on selection, compensation and retain of performing KMP and overall employee of the company. The remuneration should be clear and contain scientific parameters for performance based compensation and should aim long term interests of the listed entity and its shareholders. The entity should refrain in paying unjustified remuneration to its promoter directors and their relatives employed.</p> <p>(5) Ensuring a <u>transparent nomination process to the board of directors</u> with the diversity of thought, experience, knowledge, perspective and gender in the board of directors. Comments:- The listed entity may frame a board diversity policy containing the parameters of board nomination. For growth of the entity, the members of the Board should have adequate experience, knowledge and expertise. Gender neutrality should also kept in mind in constituting the Board.</p> <p>(6) Monitoring and managing <u>potential conflicts of interest of management</u>, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.</p> <p>Comments:-Related party transaction is always anti-corporate governance. The listed</p>

	<p>entity should try to minimize the related party transactions as far as possible. Where possible, through structuring this must be minimize to the extent possible.</p> <p>All the required approval should be taken before entering into the transaction. The board should be disclosed required information as per Rule 15 of the Companies (Meetings of Board & Its Power) Rules, 2014 for taking an informed decision/approval in this regard.</p> <p>(7) Ensuring the integrity of the listed entity's <u>accounting and financial reporting systems</u>, 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.</p> <p>Comments:- The integrity of the accounting and financial reporting systems of the listed entity is one of the key element of the good corporate culture and this brings confidence upon investor. The Board should put in place independent audit and internal control to ensure integrity of the financial reporting.</p> <p>Both Statutory and internal auditor should have direct access to all the Independent directors and more specifically to the Chairman of the Audit Committee.</p> <p>(8) Overseeing the process of disclosure and communications. Comments:- The listed entity should have a clear policy on communication. As per point no. VII. of Schedule IV of Companies Act, 2013, the independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. It's the statutory mandate to assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. Apart from Independent directors, as per SEBI (PIT) Regulation, the listed entity should designate a senior officer who shall be responsible for dissemination of information in a proper and time bound manner.</p> <p>(9) Monitoring and reviewing board of director's evaluation framework. Comments:- According to Section 134 sub-section 3(p) read with Sub-rule (4) of Rule 8 of the Companies (Accounts) Rules, 2014 every listed company and every other public company having paid-up share capital of twenty five crores or more calculated at the end of the preceding financial year should include in the report by its Board of Directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors. At the core of the corporate governance practices is the Board of Directors which oversees how the management serves and protects the long term interests of all the stakeholders of the company. Board Evaluation as a good governance practice has found its place in the Companies Act, 2013.</p> <p>The Board should monitor the overall evaluation process and review the framework keeping in mind the nature of industry and size of the entity.</p>
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	<p>(iii) Other responsibilities:</p> <p>(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.</p> <p>(2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.</p> <p>(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.</p> <p>(4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.</p> <p>(5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.</p> <p>(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.</p> <p>(7) The board of directors shall exercise objective independent judgment on corporate affairs.</p> <p>(8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgment to tasks where there is a potential for conflict of interest.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.</p> <p>(13) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.</p> <p>(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.</p>
4(3)	In case of any ambiguity or incongruity between the principles and relevant regulations, the principles specified in this Chapter shall prevail.
CHAPTER III COMMON OBLIGATIONS OF LISTED ENTITIES	
5	<p>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.</p> <p>Comments:- This clause puts responsibility upon the listed entity to ensure due</p>

	<p>compliance of the responsibility or obligations assigned to key managerial personnel, directors, promoters or any other person dealing with the listed entity under these regulations.</p> <p>Apart from KMP, Directors, promoters, any person who has assigned specific roles under this regulation should be vigilant enough while dealing with listed entity and also ensure due compliance of the responsibility or obligation assigned to them.</p> <p>For example, as per regulation 33, 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. Here apart from listed entity, it's the auditor who is dealing with the listed entity has the responsibility to ensure the due compliance of said regulation.</p>		
COMPLIANCE OFFICER AND HIS OBLIGATIONS			
6	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 65%; padding: 5px;"> <p>(1) A listed entity shall appoint a qualified company secretary as the compliance officer.</p> <p>(2) The compliance officer of the listed entity shall be responsible for-</p> <p>(a) ensuring 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) 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.</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> <p>Provided that the requirements of this regulation shall not be applicable in the case of units issued by mutual funds which are listed on recognised stock exchange(s) but shall be governed by the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996</p> <p>Comments:- As per Section 2(24) of the Companies Act, 2013, "company secretary" or "secretary" means a company secretary as</p> </td> <td style="width: 35%; padding: 5px; vertical-align: top;"> <p>1. Check if the Full time Company Secretary is appointed as Compliance officer of the company.</p> <p>2. Check who is handling and who monitoring the grievance redressal division mail id is.</p> </td> </tr> </table>	<p>(1) A listed entity shall appoint a qualified company secretary as the compliance officer.</p> <p>(2) The compliance officer of the listed entity shall be responsible for-</p> <p>(a) ensuring 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) 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.</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> <p>Provided that the requirements of this regulation shall not be applicable in the case of units issued by mutual funds which are listed on recognised stock exchange(s) but shall be governed by the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996</p> <p>Comments:- As per Section 2(24) of the Companies Act, 2013, "company secretary" or "secretary" means a company secretary as</p>	<p>1. Check if the Full time Company Secretary is appointed as Compliance officer of the company.</p> <p>2. Check who is handling and who monitoring the grievance redressal division mail id is.</p>
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	<p>defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a company secretary under this Act.</p> <p>As per Rule 8A of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every company having paid-up capital of five crore rupees or more shall have a whole-time company secretary.</p> <p>However, for listed companies, the paid-up capital criteria is not applicable. Every listed company irrespective of paid-up capital is required to appoint a company secretary.</p> <p>Rule 10 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides the following duties of Company Secretary.</p> <p>(1) to provide to the directors of the company, collectively and individually, such guidance as they may require, with regard to their duties, responsibilities and powers;</p> <p>(2) to facilitate the convening of meetings and attend Board, committee and general meetings and maintain the minutes of these meetings;</p> <p>(3) to obtain approvals from the Board, general meeting, the government and such other authorities as required under the provisions of the Act;</p> <p>(4) to represent before various regulators, and other authorities under the Act in connection with discharge of various duties under the Act;</p> <p>(5) to assist the Board in the conduct of the affairs of the company;</p> <p>(6) to assist and advise the Board in ensuring good corporate governance and in complying with the corporate governance requirements and best practices; and</p> <p>(7) to discharge such other duties as have been specified under the Act or rules; and</p> <p>(8) such other duties as may be assigned by the Board from time to time.</p>	
SHARE TRANSFER AGENT		
7(1)	<p>The listed entity shall appoint a share transfer agent or manage the share transfer facility in-house:</p> <p>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 <u>either register with the Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered</u></p>	<p>a. Check if RTA /STA is appointed. Check the Agreement with RTA.</p> <p>b. In case of in house share transfer facility, check if the total number of securities holder exceeds 1 Lakh?</p>

	<u>with the Board</u>	
7(2)	The listed entity shall ensure that all activities relating to share transfer facility shall be managed either in-house or by share transfer agent or Registrar to the issue registered with the Board.	Check whether all activities are maintained either in house or RTA/STA
7(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 <u>one month of end of each half of the financial year</u> , certifying compliance with the requirements of sub- regulation (2).	Check at the end of 30 th Sep and 31 st March for Half-yearly Compliance Certificate to be submitted to SE within 30 days.
7(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.	Check- 1.If there is any change in RTA/STA 2. If yes, whether Tripartite agreement was executed. 3. If change is intimated to Stock Exchange 4. Minutes of BM –if the agreement is placed before the board.
7(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.	
7(6)	The agreement referred to in sub-regulation (4) shall be placed in the subsequent meeting of the board of directors: Provided that the requirements of this regulation shall not be applicable to the units issued by mutual funds that are listed on recognised stock exchange(s).	
Comments:- SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, prescribed guidelines to be followed by RTA for different functions. According to this circular all RTAs are required to carry out internal audit on annual basis by independent qualified Chartered Accountants or Company Secretaries or Cost and Management Accountants and Certified Information Systems Auditor (CISA) who don't have any conflict of interest. The RTA shall submit a copy of report of the internal audit to Issuer Company within three months from the end of the financial year. Copy of the same shall also be preserved by the RTA. The RTA shall send the Action Taken Report to Issuer Company within next one month and a copy thereof shall be maintained by the RTA. The audit observations along with the corrective steps taken by the RTA shall be placed before the Board of Directors of the Issuer Company.		

COOPERATION WITH INTERMEDIARIES REGISTERED WITH THE BOARD	
8	<p>The listed entity, wherever applicable, shall cooperate 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:</p> <p>Provided that requirements of this regulation shall not be applicable to the units issued by mutual funds listed on a recognized stock exchange(s) for which the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 shall be applicable</p>
<p>Comments:- This regulation put onus on listed companies to provide correct and required information to intermediaries such as Merchant Banker, RTA, Credit Rating Agency, Broker etc. for due discharge of their responsibility.</p>	
PRESERVATION OF DOCUMENTS	
9	<p>The listed entity shall have a <u>policy for preservation of documents</u>, approved by its board of directors, classifying them in at least two categories as follows-</p> <p>(a) documents whose preservation shall be permanent in nature ;</p> <p>(b) documents with preservation period <u>of not less than eight years after completion of the relevant transactions:</u></p> <p>Provided that the listed entity may keep documents specified in clauses (a) and (b) in electronic mode.</p>
	<p>Check -</p> <ol style="list-style-type: none"> 1. Board Minutes if the Policy for preservation of documents is adopted. 2. Check the Policy 3. Check the documents destroyed, if any during the financial year. 4. Take Management confirmation letter if the documents are preserved as per the time period prescribed and documents destroyed if any during the Financial Year.
<p>Comments:- Preservation of documents and records is one of the crucial responsibility of the company and its officer. Apart from the LODR, companies act also provide guidelines for maintenance and perseverance of records.</p> <p>As per Section 128(5) of Companies Act, 2013, the books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year, or where the company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order:</p> <p>Provided that where an investigation has been ordered in respect of the company under Chapter XIV, the Central Government may direct that the books of account may be kept for such longer period as it may deem fit.</p> <p>As per Rule 15 of The Companies (Management and Administration) Rules, 2014(1) The register of members along with the index shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorized by the Board for such purpose; and</p> <p>(2) The register of debenture holders or any other security holders along with the index shall be preserved for a period of eight years from the date of redemption of debentures or securities, as the case may be, and shall be kept in the custody of the company secretary of the company or any other person authorized by the Board for such purpose.</p> <p>(3) Copies of all annual returns prepared under section 92 and copies of all certificates and</p>	

documents required to be annexed thereto shall be preserved for a period of eight years from the date of filing with the Registrar.

(4) The foreign register of members shall be preserved permanently, unless it is discontinued and all the entries are transferred to any other foreign register or to the principal register. Foreign register of debenture holders or any other security holders shall be preserved for a period of eight years from the date of redemption of such debentures or securities.

(5) The foreign register shall be kept in the custody of the company secretary or person authorised by the Board.

As per Standard No. 4.1.6 of Secretarial Standard-1, the attendance register shall be preserved for a period of at least eight financial years from the date of last entry made therein and may be destroyed thereafter with the approval of the Board.

As per Standard No.8.1 of Secretarial Standard-1,Minutes of all Meetings shall be preserved permanently in physical or in electronic form with Timestamp.

As per Standard No 8.2 of Secretarial Standard-1,Office copies of Notices, Agenda, Notes on Agenda and other related papers shall be preserved in good order in physical or in electronic form for as long as they remain current or for eight financial years, whichever is later and may be destroyed thereafter with the approval of the Board.

As per Standard No 18.1 of Secretarial Standard-2, Minutes of all Meetings shall be preserved permanently in physical or in electronic form with Timestamp.

As per Standard No 18.2 of Secretarial Standard-2,Office copies of Notices, scrutiniser's report and related papers shall be preserved in good order in physical or in electronic form for as long as they remain current or for eight financial years, whichever is later and may be destroyed thereafter with the approval of the Board.

The Company should draft the Policy of Preservation of documents keeping in mind all statutory provisions and the policy should be approved by its Board and should be posted in its website.

In case company has destroyed any non-permanent documents, then it should follow the procedure and record the destruction properly.

FILING OF INFORMATION

10	<p>(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).</p> <p>(2) The listed entity shall put in place infrastructure as required for compliance with sub-regulation (1).</p>	<p>1. Check SE website for all timely filings</p> <p>2. Check whether filling was done through proper channel of communication with the Exchange and not resort to direct dissemination through online filing platform.</p>
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Comments:- The Bombay Stock Exchange has provided XBRL based reporting for shareholding pattern in June 2015 and has recently extended it for reporting of annual reports. BSE is providing a free Excel Utility to the companies listed on BSE. Users will be required to fill in data in the Excel

utility available on BSE 'Listing Centre' which will generate the Financial Results in XBRL format after due validations. As per BSE Circular No. **LIST/COMP/13/2019-20, dated 16th May 2019**, In order to enable ease of business and make filing easier, BSE had adopted the XBRL taxonomy issued by the Ministry of Corporate Affairs, Government of India, for submission of Financial Statements in XBRL mode. All the listed entities can download the XBRL taxonomy from website of Ministry of Corporate Affairs. All the listed entities can submit to the Exchange, the Annual Report prepared using the XBRL taxonomy of Ministry of Corporate Affairs, itself.

· **Filings in respect of Annual Report has to be done by all listed entities in XBRL mode in addition to the currently used PDF mode mandatorily, for periods ending March 31, 2019.**

· **The submission in XBRL mode may be made at the same time when the listed entities file Form AOC-4 (XBRL) with Ministry of Corporate Affairs.**

· **The timeline for submission of Annual Report in PDF mode shall be as per the amended Regulation 34 of SEBI (LODR) Regulations, 2018 w.e.f. April 01, 2019.**

SCHEME OF ARRANGEMENT

11	<p>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):</p> <p>Provided that this regulation shall not be applicable for the units issued by Mutual Fund which are listed on a recognised stock exchange(s).</p>	<p>Check Company certificate submitted to stock exchange confirming compliance with the provisions of securities laws or requirements of stock exchange.</p> <p>This regulation is not applicable on Mutual Funds.</p>
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Comments:- Regulation 37 and SEBI circular issued in this respect contained the detailed procedure to be followed at the time of scheme of arrangement. This regulation put onus on listed entity to 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).

PAYMENT OF DIVIDEND OR INTEREST OR REDEMPTION OR REPAYMENT

12	<p>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:</p> <p>(a) dividends;</p> <p>(b) interest;</p> <p>(c) redemption or repayment amounts:</p> <p>Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued:</p> <p>Provided further that where the amount payable as dividend <u>exceeds one thousand and five hundred rupees</u>, the 'payable-at-par' warrants or cheques shall be sent by speed post.</p>	<ol style="list-style-type: none"> 1. Ensure that listed entity has used the prescribed facility for payment of dividend/interest/redemption amount 2. Check the Dividend/Interest/redemption Master file and ascertain whether all the required information is there or not. 3. Check the bank reconciliation statement
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SCHEDULE I – TERMS OF SECURITIES

[See Regulation 12]

The listed entity shall use the facility of electronic clearing services or real time gross settlement or national electronic funds transfer as follows:-

(1) the listed entity either directly or through the depositories or through their Registrar to an Issue and/or Share Transfer Agent, shall use electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc for making payment of dividend/interest on securities issued/redemption or repayment amount.

(2) the listed entity or Share Transfer Agent shall maintain bank details of their investors as follows -

(a) for investors holding securities in dematerialized mode, by seeking the same from the depositories.

(b) for investors holding securities in physical mode, by updating bank details of the investors at their end.

(3) In cases where either the bank details such as Magnetic Ink Character Recognition, Indian Financial System Code, etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank, listed entity or share transfer agent shall issue 'payable-at-par' warrants/ cheques for making payments:

Provided that the listed entity shall mandatorily 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.

Comments:- As per SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018

The Issuer Company, RTA and the dividend/interest/redemption processing Bank shall ensure that the Dividend/Interest/redemption **Master file** (i.e. file containing detailed list of beneficiaries entitled for dividend/interest/redemption distribution by whatever name called on the record date) shall include Company Name, Folio No., DPID/Client ID, Name of the first securities holder, Dividend/interest/redemption payment date, Dividend/interest/redemption amount, Payee details, Bank name, Bank account, Bank branch of the holder of securities, MICR number, Dividend/Interest/Redemption Warrant number, details of payment made through electronic channels such as RTGS/NEFT. The said file shall be shared with the Banker through a secured process/procedure as per Banker's prescribed secured mechanism. Copy of the Dividend/Interest/Redemption Master data file containing details for each dividend/interest/redemption paid shall be maintained by the bank and the same shall be reconciled by the RTA and the Issuer Company. In cases where bank account details of the securities holder is not available with RTA or there is change in bank account details, RTA shall obtain account details along with cancelled cheque to update the securities holder's data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank. RTA shall then update the bank details in its records after due verification. The unpaid dividend shall be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank, the issuer companies or their RTA may ask the banker to make payment through physical instrument such as banker's cheque or demand draft to such securities holder incorporating his bank account details. The dividend/interest/redemption processing Bank shall ensure that any dividend/interest/redemption instrument (such as demand drafts, dividend/interest/redemption warrants etc.) lying unpaid beyond the validity period of the instrument shall be cancelled and the dividend/interest/redemption amount transferred earlier by

issuer in the said account shall be credited back immediately to the relevant bank account of the Issuer Company. Banks should also provide the unpaid instrument details when reconciliation data is shared with Issuer Company / RTAs. This provision will come into effect after 30 days from the date of this circular. Revalidation/Re-issue requests to the dividend/interest/redemption processing bank by the RTA should contain at least Name of the Company, DPID/Client ID/Folio No. (as applicable), Original Instrument Number, MICR No., Security holder's name, Payee's name, Payee's bank account Number, Bank name, reason for revalidation etc. RTA shall maintain records of the revalidation/re-issue requests. The Issuer Company, RTA and the dividend/interest/redemption processing Bank shall ensure that the Banks provide reconciliation of the Paid and Unpaid details (including bank Transaction Reference Number, payee name etc.) of the Dividend/interest/redemption paid fortnightly during the initial validity of the instrument and after the expiry of validity period of the instrument, **quarterly** till transfer of funds to Investor Education and Protection Fund (hereinafter referred to as IEPF). Dividend/interest/redemption reconciliation data sent by banks to RTA/Issuer Companies shall contain details of all DDs/new instruments issued/ electronic instructions sent in lieu of original dividend/interest/redemption payment. Details of old as well as new dividend instruments shall be provided. RTA shall also do the reconciliation and inform the Bankers/Issuer Companies in case of any discrepancies. The reconciliation files sent by the Banker shall be maintained by all the three entities, RTA, the Issuer Company, and the dividend/interest/redemption payment processing Banker as its record for a period of eight years. Details of the rejection of electronic remittance, dividend/interest/redemption instruments undelivered, dividend/interest/redemption instruments expired and subsequent payment of dividend/interest/redemption made through new instruments including the status of payment of the same shall be linked to dividend/interest/redemption payment record of each of the specific folios by RTA and audit trail shall be kept in the system of the RTA.

GRIEVANCE REDRESSAL MECHANISM

13(1)	The listed entity shall ensure that adequate steps are taken for expeditious redressal of investor complaints.	Check – 1. If registration is done on SCORES platform. 2. Whether quarterly statement of investor complaints filed with the stock exchange(s), within twenty one days from the end of each quarter 3. If the status of Investor Complaint as submitted to SE, is placed in quarterly Board meeting.
13(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.	
13(3)	The listed entity shall file with the recognised stock exchange(s) on a quarterly basis, <u>within twenty one days from the end of each quarter</u> , 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.	
13(4)	The statement as specified in sub-regulation (3) shall be placed, on quarterly basis, before the board of directors of the listed entity.	

Comments: -SEBI vide its circular no. CIR/OIAE/1/2014 dated December 18, 2014 directed all newly

listed companies and SEBI registered intermediaries (excluding Stock Brokers, Sub-Brokers and Depository Participants) to send their details as per Form-A and Form-B annexed to this Circular, respectively to SEBI in hard copy and by email to scores@sebi.gov.in and obtain SCORES user id and password immediately within a period of one month from the date of listing. The email id to be furnished by the listed company / SEBI registered intermediary for receiving SCORES user id and password from SEBI has to be preferably a corporate email id and necessarily a permanent one. Failure by any listed company or SEBI registered intermediary to obtain the SCORES user ID and password would not only be deemed as non-redressal of investor grievances but also indicate wilful avoidance of the same.

All listed companies and SEBI registered intermediaries to review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. The listed companies and SEBI registered intermediaries, to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. The listed companies and SEBI registered intermediaries shall keep the complainant duly informed of the action taken thereon.

The listed companies and SEBI registered intermediaries shall update the ATR along with supporting documents, if any, electronically in SCORES. ATR in physical form need not be sent to SEBI. The proof of dispatch of the reply of the listed company / SEBI registered intermediary to the concerned investor should also be uploaded in SCORES and preserved by the listed company / SEBI registered intermediary, for future reference. Action taken by the listed companies and SEBI registered intermediaries will not be considered as complete if the relevant details/ supporting documents are not uploaded in SCORES and consequently, the complaints will be treated as pending. A complaint shall be treated as resolved/disposed/closed only when SEBI disposes/closes the complaint in SCORES. Hence, mere filing of ATR by a listed company or SEBI registered intermediary with respect to a complaint will not mean that the complaint is not pending against them. Failure by listed companies and SEBI registered intermediaries to file ATR under SCORES within thirty days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance.

FAQ FOR INFORMATION OF LISTED COMPANIES & REGISTERED INTERMEDIARIES

Q1. Is it necessary for all registered intermediaries and listed companies to take SCORES authentication?

A1- Yes, except stock brokers, sub-brokers and Depository Participants.

Q2. Why have stock brokers, sub-brokers and Depository Participants been excluded from taking SCORES authentication?

A2:- Investor complaints received against stock brokers, sub-brokers and Depository Participants are not directly routed to the respective entities in the SCORES system. The complaints are forwarded to the aforesaid intermediaries by SCORES through the platforms of Stock Exchanges and Depositories. This obviates the need of taking SCORES authentication by stock brokers, sub-brokers and Depository Participants.

However, in case of other intermediaries and listed companies, investor complaints are directly forwarded by SCORES to the entities, which necessitates obtaining of SCORES authentication by them.

Q3. Is it necessary for an entity to take SCORES authentication separately for each category of intermediary registration granted to them by SEBI?

A3:- Yes, an entity has to take SCORES authentication separately for each category of intermediary registration granted to them by SEBI.

Q4. In addition to being a SEBI registered stock broker/ sub-broker/ Depository Participant, an entity may also be registered with SEBI as some other intermediary. In such cases, is it necessary for the entity to take SCORES authentication?

A4:- An entity as a stock broker/ sub-broker/ Depository Participant has been excluded from taking SCORES authentication. However, the same entity is required to take SCORES authentication separately for each category of intermediary registration granted to them by SEBI.

Q5. Does the process of SCORES authentication impose any cost on the listed company or registered intermediary?

A5:- The process of SCORES authentication is absolutely free of cost.

Q6. Whether the listed companies and SEBI registered intermediaries which have already taken SCORES authentication are also required to send to SEBI their details as per Form-A and Form-B annexed to Circular no. CIR/OIAE/1/2014 dated December 18, 2014?

A6:- SEBI vide Circular no. CIR/OIAE/1/2014 dated December 18, 2014 has mandated that all newly listed companies and SEBI registered intermediaries are required to send their details as per Form-A and Form-B respectively in order to obtain SCORES authentication.

However, the modified Form-A and Form-B capture some additional information like PAN, date of incorporation/registration, office address, etc. Therefore, it is advisable that the listed companies and SEBI registered intermediaries which have already taken SCORES authentication may also send to SEBI their updated and additional details as per Form-A and Form-B respectively.

Q7. Can the listed companies / registered intermediaries who have taken SCORES authentication, update their details in SCORES?

A7:- Yes, the SCORES system enables the listed companies / registered intermediaries who have taken SCORES authentication to update on their own certain information such as address, name/details of the compliance officer, telephone numbers. Such information should be updated by the company/intermediary immediately when warranted.

However Company name, State and Primary e-mail address cannot be updated by the entities themselves. To update these fields, the entities may send an e-mail to scores@sebi.gov.in along with a revised Form-A with a request to change the same.

Q8. Where can the listed companies/ registered intermediaries see the Direct Complaints?

A8:- Direct Complaints are those complaints where the investors are using the SCORES platform to approach the entity for the first time with respect to their complaints. These complaints can be seen in a Tab called "Direct Complaint" on the Home Page upon logging in by the entity. All listed companies and registered intermediaries must respond to the "Direct complaints" within 30 days.

14	The listed entity shall pay all such fees or charges, as applicable, to the recognised stock exchange(s), in the manner specified by the Board or the recognised stock exchange(s).	Check whether company has paid listing fees and other applicable charges to the Stock Exchange?
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Comments:- The listed entity is obliged to pay annual listing fees and all such other fees or charges as may imposed by the stock exchange from time to time. Failure to pay the fees/charges will attract legal proceedings apart from penalty and other consequences as enumerated in BSE Circular no. LIST/COMP/OPS/02/2019-20 dated 5th April 2019. The said circular is appended below.

BSE Circular

LIST/COMP/OPS/02/2019-20

April 05, 2019

Sub: Action(s) to be initiated against listed companies for non-payment of outstanding Annual Listing Fees ("ALF")

It is noticed that despite the requirement to pay ALF in timely manner by listed companies as informed vide circulars issued by the Exchange from time to time, several listed companies have failed to pay ALF to the Exchange within the prescribed time ("hereinafter referred to as **defaulting company**").

Considering the above, the Exchange has decided to proceed to initiate the following actions against the defaulting company, which has failed to pay all outstanding ALF including the fee payable for Financial Year 2018-19, on or before April 13, 2019, in the manner mentioned below:

A] Below mentioned action(s) will be taken against the defaulting company w.e.f. April 15, 2019:

1. The name of the defaulting company would be displayed on the Exchange's website on a separate page.
2. The defaulting company's stock reach page on the website of the Exchange would be shown in "RED" color and a ticker would be flashed continuously across the screen stating, "***This company has not paid the Annual Listing Fees to the Exchange in violation of SEBI (LODR) Regulations and Rules, Bye-laws and Regulations of the Exchange***".
3. As and when the defaulting company logs in to the Listing Centre portal of the Exchange, a ticker would be flashed continuously across the screen stating, "***The company has not paid the outstanding Annual Listing Fees to the Exchange***".
4. The trading in the equity shares of the defaulting company would be transferred to Trade-To-Trade mode with price band of 5% or lower as applicable. Please note that Trade-To-Trade Mode does not permit netting of the trades.
5. The trading in the equity shares of the defaulting company will be moved to a "CALL AUCTION" basis w.e.f. May 15, 2019 if the defaulting company fails to pay the outstanding ALF.
6. If the defaulting company fails to pay the outstanding ALF as on July 15, 2019, in addition to the aforesaid action(s), an administrative fee of Rs. 50,000/- (which shall be reviewed from time to time) will be levied upon the defaulting company for every filing sought to be done by the defaulting company on the Listing Centre portal of the Exchange under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") except for those required or contemplated under Regulation 30 of Listing Regulations dealing with Unpublished Price Sensitive Information). The defaulting company shall be required to pay such administrative fee **UPFRONT** through online payment gateway on the Listing Centre portal of the Exchange. The defaulting company will be able to submit the filings through the Listing Centre portal of the Exchange upon an intimation of payment of said administrative fee to the Exchange along with requisite proof sent only at listingfees@bseindia.com. Please note that any other mode of filings made by the defaulting company other than through prescribed mode i.e. Listing Centre portal shall not be considered by the Exchange. Consequentially, any default(s)/action(s) arising thereof due to non-payment shall be at the cost and consequences of such defaulting company.

B] Action(s) enumerated below will be taken against the defaulting company w.e.f. July 01, 2019:

1. The trading in the equity shares of the defaulting company would be restricted to once a week

(i.e every Monday) and shall continue to be in Trade to Trade segment, which shall attract levy of 100% margin, in addition to action(s) mentioned in clause 4 above, for a period of one month i.e. till July 31, 2019.

2. If the defaulting company does not pay the outstanding ALF by July 31, 2019, then trading in the equity shares of such defaulting company will be restricted to only once a month (i.e first Monday of the month) w.e.f August 01, 2019 wherein the trading would take place only in Trade For Trade mode and shall attract levy of 100% margin, gross settlement and 5% price band or as applicable, for a period of 3 months.
3. If the defaulting company does not pay the outstanding ALF within a period of 3 months from November 01, 2019, then the demat account of all the promoters of the defaulting company shall be frozen w.e.f February 01, 2020 till the outstanding ALF has been satisfied.
4. Such defaulting company may follow the process as mentioned in the Clause A(6) above for submitting their filings to the Listing Centre of the Exchange.

Kindly note that the Exchange reserves its right to initiate appropriate proceedings against listed companies that have failed to make pay the outstanding ALF.

CHAPTER IV

OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS SPECIFIED SECURITIES

15	<p>1) The provisions of <u>this chapter</u> 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:</p> <p>(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 -</p> <p>(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 <u>within six months from the date on which the provisions became applicable to the listed entity.</u></p> <p>(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 statues, the provisions of corporate governance provisions as specified in regulation 17, 14[17A,] 18, 19, 20, 21, 22, 23, 24, 15[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.</p> <p>(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 <u>shall be fulfilled by the interim resolution professional or resolution professional in accordance with sections 17 and 23 of the Insolvency Code.</u></p>
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	<p>(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:</p> <p>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.</p> <p>(3) Notwithstanding sub-regulation (2) above, the provisions of Companies Act, 2013 shall continue to apply, wherever applicable.</p>
<p>Comments:- For claiming exemption of the applicability of Regulation 17 to 27 and Regulation 46(2)(b)(i) and Schedule V {Paras C, D & E}, the listed entity must fulfilled both paid-up capital and networth criteria. For example if a company has paid-up capital of INR 5 Corers but net worth of INR 26 Corer, then exemption will not be available. This listed entity has to comply Regulation 17 to 27 and Regulation 46(2)(b)(i) and Schedule V {Paras C, D & E}.</p> <p>The applicability will be based on the paid up capital and net worth as on last date of financial year. However, where the provisions of the regulations specified in this regulation become 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.</p>	
<p>DEFINITION FOR THIS CHAPTER</p>	
	<p>For the purpose of this chapter , unless the context otherwise requires -</p> <p>(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;</p> <p>Comments:-As per Regulation 2(e), "control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:</p> <p>Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;}</p> <p>The definition of control is an inclusive definition. It includes</p> <ul style="list-style-type: none"> i) Right to appoint majority of the directors ii) Right to control the management iii) Right to control the policy decision <p>The above right may be derived either by</p> <ul style="list-style-type: none"> i. Shareholding (Majority) or ii. Management Rights (Due to majority shareholding or by any agreement) or iii. Shareholders agreement or iv. Any other manner <p>And can be exercisable either individually or along with person acting in concert</p> <p>(b)"independent director" means a non-executive director, other than a nominee director</p>

	<p>of the listed entity:</p> <p>(i) who, <u>in the opinion of the board of directors</u>, is a person of integrity and possesses relevant expertise and experience;</p> <p>(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];</p> <p>(iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;</p> <p>(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;</p> <p>(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;</p> <p>(vi) who, neither himself, nor whose relative(s) —</p> <p>(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;</p> <p>(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 —</p> <p>(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</p> <p>(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;</p> <p>(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or</p> <p>(D) is a chief executive or director, by whatever name called, of any non-profit organization 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;</p> <p>(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;</p> <p>(vii) who is not less than 21 years of age.</p> <p>(viii) w.e.f 1st April 2019, 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:</p> <p>(c)“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.</p> <p>Explanation.- The listed entity shall formulate a policy for determining ‘material’ subsidiary.</p>
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	<p>(d) "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 (w.e.f 1st April 2019, "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).</p>	
<p>BOARD OF DIRECTORS</p>		
17(a)	<p>The composition of board of directors of the listed entity shall be as follows- 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 <u>least one independent woman director</u> 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 capitalization, <u>as at the end of the immediate previous financial year.</u></p> <p>Comments:- The regulation does not define executive and non-executive director. However, Rule 2(1)(k) of Companies (Specification of Definitions Details) Rules, 2014 defines Executive Director. As per the said rule, executive director means a whole time director as defined in Section 2(94) of the Companies Act, 2013. As per Section 2(94), whole time director includes a director in the whole time employment of the company. The definition of whole time director is of an inclusive in nature. Thus we can include Managing director, whole time director, CEO and other functional heads holding Board position as Executive Director. However, its not necessary that executive director must draw remuneration from the company. An executive director may not draw remuneration but still can be involved in day to day affairs and designate as executive director.</p>	<p>1. Check the Constitution of Board as per the provisions of regulation 17.</p> <p>2. The constitution of board should be throughout the financial year. Check whether company complied with this throughout the financial year.</p>
17(b)	<p>where the chairperson of the board of directors is a <u>non-executive director</u>, at least <u>one-third of the board of directors shall comprise of independent directors</u> 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: w.e.f 1st April 2019, Provided that where the regular</p>	<p>1. Where the chairperson of the board of directors is a non-executive Director. If yes, check whether 1/3rd of the board of directors comprise of Independent director</p>

<p>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.</p> <p>Explanation.- For the purpose of this clause, the expression "related to any promoter" shall have the following meaning:</p> <p>(i) if the promoter is <u>a listed entity</u>, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;</p> <p>(ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.</p> <p>Comments: Chairman is not defined in the regulation. As per Secretarial Standard-1, "Chairman" means the Chairman of the Board or its Committee, as the case may be, or the Chairman appointed or elected for a Meeting.</p> <p>As per Standard 5.1.1 of Secretarial Standard 1, the Chairman of the company shall be the Chairman of the Board. If the company does not have a Chairman, the Directors may elect one of themselves to be the Chairman of the Board.</p> <p>The company should pass necessary Board resolution for designating any director as regular Chairman and necessary filing with ROC in this regard should also be made. In case, company have not a regular chairman, then company has to elect chairman first in each of its Board meeting.</p>	<p>2. Whether the company does not have a regular non-executive chairperson or 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, if yes, check whether at least half of the board of directors shall comprise of independent directors</p>
<p>Board Composition</p>	

17(c)	<p>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 <u>less than six directors</u>.</p> <p>Explanation: The top 1000 and 2000 entities shall be determined on the basis of market capitalization as at the end of the immediate previous financial year.</p>	<p>Check the Board strength in accordance with Regulation 17(c)</p>
17(d)	<p>Where the listed company has outstanding SR equity shares, atleast half of the board of directors shall comprise of independent directors.</p>	<p>Check if company has SR (Superior Rights) equity, if yes, then check whether at least half of the board of directors comprising of Independent Director</p>
17 (1A)	<p>No listed entity shall appoint a person or <u>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</u>, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.</p>	<p>Check if any Non-Executive Director has attained the age of 75 years during the financial year.</p> <p>If yes, then check whether the continuation/appointment was authorized by special resolution with explanatory statement justifying for the same.</p>
17 (1B)	<p>With effect from April 1, 2022, <u>the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall -</u></p> <p>(a) be a non-executive director;</p> <p>(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:</p>	<p>Check whether top 500 listed company have a non-executive chairperson & fulfills criteria as prescribed in Regulation 17(1B). <i>SEBI vide SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND</i></p>

	<p>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.</p> <p>Explanation - The top 500 entities shall be determined on the basis of market capitalization, as at the end of the immediate previous financial year.</p>	<p><i>DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2020, extend the compliance of this regulation from 1st April 2020 to 1st April 2022.</i></p>
<p>Explanation.- For the purpose of this clause, the expression "related to any promoter" shall have the following meaning:</p> <p>(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;</p> <p>(ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.</p>		
17(2)	<p>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.</p>	<p>Check the gap between the minimum number of BM</p>
<p>Comments:-As per Section 173 of Companies Act, 2013, every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. Here year means calendar year (From January to December).</p> <p>As per Standard 2.1. of Secretarial Standard 1, The company shall hold at least four Meetings of its Board in each Calendar Year with a maximum interval of one hundred and twenty days between any two consecutive Meetings.</p> <p>An adjourned Meeting being a continuation of the original Meeting, the interval period in such a case, shall be counted from the date of the original Meeting</p>		
17 (2A)	<p>The quorum for every meeting of the board of directors of the top 1000 listed entities with effect from April 1, 2019 and of the top 2000 listed entities with effect from April 1, 2020 shall be <u>one-third of its total strength or three directors, whichever is higher</u>, including at least one independent director.</p> <p>Explanation I – For removal of doubts, it is clarified that the participation of the directors by video conferencing or by other audio-visual means <u>shall also be counted for the purposes of such quorum.</u></p> <p>Explanation II - The top 1000 and 2000 entities shall be determined on the basis of market capitalization, as at the end of the immediate previous financial year.]</p>	<p>Check whether company has complied with the quorum requirements in its entire Board meeting held during the financial year.</p>
<p>Comments:-As per Secretarial Standard -1, Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business. A Director shall neither be reckoned for Quorum nor shall be entitled to participate in respect of an item of business in which he is interested and directors participating through Electronic Mode in a Meeting shall be counted for the purpose of Quorum, unless they are to be excluded for any items of business under the provisions of the Act.</p>		

17(3)	The board of directors shall periodically review <u>compliance reports pertaining to all laws applicable to the listed entity</u> , prepared by the listed entity as well as steps taken by the listed entity to rectify instances of non-compliances.	1. Check whether Board of Directors periodically reviews the compliance report prepared by the listed entity pertaining to all applicable laws.
<p>Comments:- As per SEBI Circular No. CIR/CFD/CMD/ 5 /2015 dated September 24, 2015 the following reports shall be placed before the board of directors of the listed entity in terms of requirement under Regulation 17(3) of Listing Regulations Compliance Report on Corporate Governance (Quarterly, half yearly and yearly), Secretarial Audit Report prepared in accordance with Rule9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under Section 204 of the Companies Act, 2013in so far as it pertains to Securities Laws.</p> <p>This regulation puts obligation upon listed entity to place before the Board, compliance reports pertaining to all laws applicable to the listed entity and also steps taken to rectify instances of non-compliances. Secretarial Audit as per Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 covers audit of all laws applicable to the listed entity. So listed entity should conduct secretarial audit either on quarterly or half yearly basis and on the basis of findings of Secretarial Auditor, the management of the listed entity should prepared compliance report as mandated under Regulation 17(3) and place before its Board.</p>		
17(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.	Check Succession plan adopted by the board. Take Management confirmation letter, if that is adhered to in case of appointments to the board and the senior management
<p>Comments:- For continuous growth of any Company, the importance of the process to Succession Planning to provide for continuity in the smooth functioning of the organization is very high. It is an essential function of the Board for survival, growth of the organization and to ensure its continued effective performance through leadership continuity. The listed entity should identify its key functional area and train its employees to succeed to those key areas.</p> <p>Apart from senior management, the succession plan should contain the detailed guidelines for board succession also.</p> <p>As per explanation to Section 178(8) of Companies Act, 2013, The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.</p>		
17(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.	1. Check if the Board meeting minutes wherein the board has adopted the Code of Conduct. 2. Check whether the code of conduct contains the duties of independent directors as laid down in Schedule IV of the

		companies Act, 2013.
17(6)(a)	The board of directors shall recommend all <u>fees or compensation, if any, paid to non-executive directors</u> , including independent directors and shall require approval of shareholders in general meeting.	<p>Check –</p> <ol style="list-style-type: none"> 1. Board Minutes for the recommendation of the fee (except sitting fee) and the compensation to Non- Executive directors. 2. EGM/AGM notice, If such fee and compensation is approved by the shareholders. 3. Shareholder approval for maximum limit of the stock option available to the Non Executive Director, in any financial year and in aggregate. 4. If any Non-Executive Director is paid remuneration more than 50% of the total annual remuneration payable to all non-executive director. If yes, then check for shareholder approval for every year for which such remuneration is paid. 5. If Company has granted Independent Director any stock option.
17(6)(b)	The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of <u>sitting fees to non-executive directors</u> , if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government	
17(6)(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.	
17(6)(ca)	w.e.f. 1 st April 2019, the approval of shareholders by special resolution shall be obtained every year , in which the annual remuneration payable to a single non-executive director <u>exceeds fifty per cent of the total annual remuneration payable to all non-executive directors</u> , giving details of the remuneration thereof.	
17(6)(d)	Independent directors shall not be entitled to any stock option.	
17(6)(e)	<p>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-</p> <p>(i) the annual remuneration payable to such executive director <u>exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher</u>; or</p>	<p>Check-</p> <ol style="list-style-type: none"> 1. If the remuneration payable to Executive Director, who are promoters /members of the promoter group is more than 5cr or 2.5% of the net profits of the listed entity or more

	<p>(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:</p> <p>Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.</p> <p>Explanation: For the purposes of this clause, net profits shall be calculated as per section 198 of the Companies Act, 2013.</p>	<p>than 5%, where there are more than 1 such director. the company has obtained necessary approval of shareholder by special resolution.</p>
<p>Comments:-As per Rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a company may pay sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed one lakh rupees per meeting of the Board or committee thereof. Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.</p> <p>As per Section 197 of the Companies Act, 2013 , except with the approval of the company in general meeting by a special resolution,—</p> <p>(i) the remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent. of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent. of the net profits to all such directors and manager taken together;</p> <p>(ii) the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—</p> <p>(A) one per cent. of the net profits of the company, if there is a managing or whole-time director or manager;</p> <p>(B) three per cent. of the net profits in any other case.</p> <p>Provided also that, where the company has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, the prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.</p> <p>However, the listed entity needs to obtained Share holders approval by way of special resolution for payment of annual remuneration to one executive director if it exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or</p> <p>(ii) where there is more than one such director, the aggregate annual remuneration to such directors, if exceeds 5 per cent of the net profits of the listed entity</p>		
17(7)	Minimum Information to be placed before Board of directors is specified in Part A of schedule II	Check the board minutes for the Minimum information to be placed before the Board as specified in Part-A of Schedule II is placed or not.
<p style="text-align: center;">SCHEDULE II: CORPORATE GOVERNANCE</p> <p style="text-align: center;">PART A: MINIMUM INFORMATION TO BE PLACED BEFORE BOARD OF DIRECTORS</p> <p style="text-align: center;">[See Regulation 17(7)]</p> <p>A. Annual operating plans and budgets and any updates.</p> <p>B. Capital budgets and any updates.</p>		

- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. 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.
- F. Show cause, demand, prosecution notices and penalty notices, **which are materially important**.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. 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.
- J. **Details of any joint venture or collaboration agreement.**
- K. Transactions that involve **substantial payment towards** goodwill, brand equity, or intellectual property.
- L. 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.
- M. **Sale of investments, subsidiaries**, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

17(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.	Check if CEO and CFO certificate as required in Part-B of Schedule II is placed before the Board, for the financial year.
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PART B: COMPLIANCE CERTIFICATE

[See Regulation 17(8)]

The following compliance certificate shall be furnished by chief executive officer and chief financial officer:

A. They 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 their 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. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

<p>D. They have indicated to the auditors and the Audit committee</p> <p>(1) significant changes in internal control over financial reporting during the year;</p> <p>(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and</p> <p>(3) instances of significant fraud of which they 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.</p>		
17(9)	<p>(a) The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.</p> <p>(b) The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity</p>	<p>1. Check the Board minutes if the board members are informed about the risk assessment and minimization procedures.</p> <p>2. Check the Board minutes if regular monitoring of risk management (yearly/ quarterly, as per the policy) is done by the board.</p>
<p>Comments:-As per Section 177(4) of the Companies Act, 2013 one of the terms of reference of Audit Committee is evaluation of internal financial controls and risk management systems. So the Board of Directors of the company will frame, implement and monitor the risk management plan and the Audit Committee will evaluate the effectiveness of the internal financial controls and risk management systems of the company.</p> <p>The company is also required to disclose a statement in its Director's Report, indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.</p>		
17(10)	<p>The evaluation of independent directors shall be done by the entire board of directors which shall include -</p> <p>(a) performance of the directors; and</p> <p>(b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:</p> <p>Provided that in the above evaluation, the directors who are subject to evaluation shall not participate</p>	<p>1. Check the board minutes if performance evaluation of Independent Directors is done covering the scope as provided in the regulation.</p> <p>2. Check that no director subject to evaluation is part of evaluation process.</p> <p>3. Check Annual Report of the company for manner in which annual evaluation was done.</p>
<p>Comments:-Every listed company is required to disclose a statement in its Director's Report indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.</p>		
17(11)	<p>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</p>	<p>Check if Explanatory statement for special business in all Shareholders' meeting notice contains recommendations by the board.</p>

shareholders on each of the specific items.		
<p>Comments:-As per Section 102 of the Companies Act, 2013, a statement setting out the following material facts concerning each item of special business to be transacted at a general meeting, shall be annexed to the notice calling such meeting, namely:—</p> <p>(a) the nature of concern or interest, financial or otherwise, if any, in respect of each items of—</p> <p>(i) every director and the manager, if any;</p> <p>(ii) every other key managerial personnel; and</p> <p>(iii) relatives of the persons mentioned in sub-clauses (i) and (ii);</p> <p>(b) any other information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decision thereon.</p> <p>(2) For the purposes of sub-section (1),—</p> <p>(a) in the case of an annual general meeting, all business to be transacted thereat shall be deemed special, other than—</p> <p>(i) the consideration of financial statements and the reports of the Board of Directors and auditors;</p> <p>(ii) the declaration of any dividend;</p> <p>(iii) the appointment of directors in place of those retiring;</p> <p>(iv) the appointment of, and the fixing of the remuneration of, the auditors; and</p> <p>(b) in the case of any other meeting, all business shall be deemed to be special:</p> <p>Provided that where any item of special business to be transacted at a meeting of the company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.</p> <p>(3) Where any item of business refers to any document, which is to be considered at the meeting, the time and place where such document can be inspected shall be specified in the statement under sub-section (1).</p> <p>(4) Where as a result of the non-disclosure or insufficient disclosure in any statement referred to in sub-section (1), being made by a promoter, director, manager, if any, or other key managerial personnel, any benefit which accrues to such promoter, director, manager or other key managerial personnel or their relatives, either directly or indirectly, the promoter, director, manager or other key managerial personnel, as the case may be, shall hold such benefit in trust for the company, and shall, without prejudice to any other action being taken against him under this Act or under any other law for the time being in force, be liable to compensate the company to the extent of the benefit received by him.</p> <p>(5) Without prejudice to the provisions of sub-section (4), if any default is made in complying with the provisions of this section, every promoter, director, manager or other key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees or five times the amount of benefit accruing to the promoter, director, manager or other key managerial personnel or any of his relatives, whichever is higher.</p>		
17A	<p>Maximum no. of directorship</p> <p>The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, <u>including any alternate directorships</u> that can be held by them at any point of time –</p> <p>(1) A person shall not be a director in more than <u>eight listed entities</u> with effect from April 1, 2019 and in not</p>	<p>Check –</p> <p>1. Annual Declarations in MBP-1 submitted by the directors for their directorships and committee positions in other companies.</p> <p>2. Check the specific declarations received from</p>

	<p><u>more than seven listed entities with effect from April 1, 2020:</u> Provided that a person <u>shall not serve as an independent director in more than seven listed entities.</u> (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 <u>not more than three listed entities.</u> 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.</p>	<p>directors confirming their Independent Directorship (if any) in not more than 7 listed entities. 3. Declaration from MD/WTD confirming his Independent Directorship in not more than 3 listed companies.</p>
<p>Comments:- As per Section 165 of the Companies Act, 2013 , no person, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time: Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten. Explanation I — For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included. Explanation II.—For reckoning the limit of directorships of twenty companies, the directorship in a dormant company shall not be included. (2) Subject to the provisions of sub-section (1), the members of a company may, by special resolution, specify any lesser number of companies in which a director of the company may act as directors. (3) Any person holding office as director in companies more than the limits as specified in sub-section (1), immediately before the commencement of this Act shall, within a period of one year from such commencement,— (a) choose not more than the specified limit of those companies, as companies in which he wishes to continue to hold the office of director; (b) resign his office as director in the other remaining companies; and (c) Intimate the choice made by him under clause (a), to each of the companies in which he was holding the office of director before such commencement and to the Registrar having jurisdiction in respect of each such company. (4) Any resignation made in pursuance of clause (b) of sub-section (3) <i>shall become effective immediately on the despatch thereof to the company concerned.</i> (5) No such person shall act as director in more than the specified number of companies,— (a) after despatching the resignation of his office as director or non-executive director thereof, in pursuance of clause (b) of sub-section (3); or (b) after the expiry of one year from the commencement of this Act, whichever is earlier. (6) If a person accepts an appointment as a director in contravention of sub-section (1), he shall be liable to a penalty of five thousand rupees for each day after the first during which such contravention continues</p>		
AUDIT COMMITTEE		
18(1)	<p>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</p>	<p>Check- 1. Composition of the audit Committee 2. Qualification of members and</p>

<p>three directors as members.</p> <p>(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.</p> <p>(c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.</p> <p>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.</p> <p>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.</p> <p>(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.</p> <p>(e) The Company Secretary shall act as the secretary to the audit committee.</p> <p>(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</p>	<p>financial management expertise.</p> <ol style="list-style-type: none"> 3. Independency of the Chairman 4. minutes of AGM to ensure Chairman of Audit Committee’s presence 5. minutes of Audit Committee for presence of CS acting as Secretary of the Audit Committee. 6. frequency of the meetings 7. attendance sheet and the minutes for the presence of quorum. 8. Board minutes for constitution/reconstitution of Audit committee, appointment of its Chairman, fixation of quorum. 9. Board minutes for terms of reference of Audit Committee.
<p>Comments:- As per Section 177 of the Companies Act, 2013, the Audit Committee</p> <ol style="list-style-type: none"> a. shall consist of a minimum of three directors b. majority should be Independent Director. c. chairman should be Independent Director d. majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement. 	

<p>Audit Committee is the most responsible & important committee of a listed entity. The Provisions of LODR are more stringent than that of Companies Act and will be applicable to listed entity. The intention of the law maker is to make the Audit committee a qualified and independent committee. So every company to the extent possible appoint more independent and financially qualified directors in this committee and assist and extend full cooperation to discharge its function.</p>		
18(2)	<p>The listed entity shall conduct the meetings of the audit committee in the following manner:</p> <p>(a) The audit committee shall meet at least four times in a year and not more than <u>one hundred and twenty days shall lapse between two meetings.</u></p> <p>(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.</p> <p>(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.</p>	<p>From the Audit Committee Minutes, attendance Register check</p> <p>a. Whether at least 4 meetings are held during the Financial Year</p> <p>b. Whether proper quorum was present through the meeting</p> <p>c. All the responsibility are discharged by the committee</p>
<p>Comments:- As per Standard 3.5 of Secretarial Standard-1, unless otherwise stipulated in the Act or the Articles or under any other law, the Quorum for Meetings of any Committee constituted by the Board shall be as specified by the Board. If no such Quorum is specified, the presence of all the members of any such Committee is necessary to form the Quorum.</p> <p>As per Section 177(4) of Companies Act, 2013, every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—</p> <p>(i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;</p> <p>(ii) review and monitor the auditor’s independence and performance, and effectiveness of audit process;</p> <p>(iii) examination of the financial statement and the auditors’ report thereon;</p> <p>(iv) approval or any subsequent modification of transactions of the company with related parties;</p> <p>(v) scrutiny of inter-corporate loans and investments;</p> <p>(vi) valuation of undertakings or assets of the company, wherever it is necessary;</p> <p>(vii) evaluation of internal financial controls and risk management systems;</p> <p>(viii) monitoring the end use of funds raised through public offers and related matters.</p>		
18(3)	<p>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.</p>	<p>Check the minutes, if the responsibility enumerated in Part-C of Schedule II is well taken up in the Audit Committee meeting.</p>

PART C: ROLE OF THE AUDIT COMMITTEE AND REVIEW OF INFORMATION BY AUDIT COMMITTEE

[See Regulation 18(3)]

A. The role of the audit committee **shall include** the following:

- (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.
- (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.]

B. 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 (as defined by the audit committee), 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).
- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Comments:- The corporate governance report attached with the Annual Report should disclose the following information relating to Audit Committee

- (a) brief description of terms of reference;
- (b) composition, name of members and chairperson;
- (c) meetings and attendance during the year.

As per Section 177(8) of the Companies Act, 2013, the Board's report under sub-section (3) of section 134 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons therefor.

NOMINATION AND REMUNERATION COMMITTEE

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 <u>shall be non-executive directors</u> ; and (c) at least fifty percent of the directors shall be <u>independent directors</u> and in case of listed entity having outstanding SR equity shares, two thirds of the nomination and remuneration committee shall comprise of independent directors	Check- 1. the Constitution of Nomination & Remuneration Committee 2. the independency of the Chairman. 3. Minutes and attendance register for the presence of quorum. 4. If Committee meeting was held at least once in an year 5. The minutes of the committee for the fulfillment of role and responsibility of committee members as specified in Part D of the Schedule II
19(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.
19(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.
19(3)	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.
19(3A)	The nomination and remuneration committee shall <u>meet at least once in a year</u> .
19(4)	The role of the nomination and remuneration committee shall be as specified as in Part D of the Schedule II.
PART D: ROLE OF COMMITTEES (OTHER THAN AUDIT COMMITTEE) [See Regulation 19(4) and 20(4)]	
A. ROLE OF NOMINATION AND REMUNERATION COMMITTEE :Role of committee shall, inter-alia, include the following:	
(1) 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; (2) formulation of criteria for evaluation of performance of independent directors and the board of directors; (3) devising a policy on diversity of board of directors ; (4) 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. (5) 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. (6) recommend to the board, all remuneration, in whatever form, payable to senior management.	
Comments:- As per Section 178 of Companies Act, 2013 a. Thenomination and remuneration committee shall consisting of three or more <u>non-executive directors</u> out of which not less than one-half shall be independent directors. However, executive Chairman of the Company may be a member of the committee but shall not chair such committee. b. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and	

Remuneration Committee or by an independent external agency and review its implementation and compliance.

c. The committee shall recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees. Such policy shall be hosted in the website and salient features shall be disclosed in the Board's Report.

As per LODR, the corporate governance report of the listed entity should disclose the following with respect to 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.

CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2017/004

January 5, 2017

Sub: Guidance Note on Board Evaluation

1. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") contain broad provisions on Board Evaluation i.e. evaluation of the performance of: (i) the Board as a whole, (ii) individual directors (including independent directors and Chairperson) and (iii) various Committees of the Board.

The provisions also specify responsibilities of various persons / committees for conduct of such evaluation and certain disclosure requirements as a part of the listed entity's corporate governance obligations.

2. However, the concept of Board evaluation in India is at a nascent stage. It has been brought to SEBI's notice by market participants that as the number of listed entities in India is very large, many of them may not have much clarity on the process of Board Evaluation and hence, may need further guidance.

3. SEBI has studied the practices of Board evaluation prevalent among listed entities in India. An analysis has also been done of the global practices in various jurisdictions like regulatory requirements, best practices, internal versus external evaluation, disclosure requirements etc. The matter was further discussed with the industry associations, stock exchanges, market participants and international bodies and experts to obtain their views on this subject.

4. Based on the aforesaid analysis, a guidance note in this matter has been prepared in order to guide listed entities by elaborating various aspects of Board evaluation that may help them to improve the evaluation process, derive the best possible benefit and achieve the objective of the entire process.

5. The guidance note covers all major aspects of Board Evaluation including the following:

- a. Subject of Evaluation i.e. who is to be evaluated;
- b. Process of Evaluation including laying down of objectives and criteria to be adopted for evaluation of different persons;
- c. Feedback to the persons being evaluated;

- d. Action Plan based on the results of the evaluation process;
- e. Disclosure to stakeholders on various aspects;
- f. Frequency of Board Evaluation;
- g. Responsibility of Board Evaluation and
- h. Review of the entire evaluation process periodically.

6. The purpose of the Guidance Note is to educate the listed entities and their Board of Directors about various aspects involved in the Board Evaluation process and improve their overall performance as well as corporate governance standards to benefit all stakeholders. This would serve as a guide for listed entities and may be adopted by them as considered appropriate. Anything mentioned in the Guidance Note shall not be construed as interpretation of provisions of SEBI LODR or any other law.

7. This Circular is issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of SEBI LODR.

8. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Annex A

Guidance Note on Board Evaluation

A. Background of Board Evaluation in India

India has moved recently from a voluntary Board evaluation under Clause 49 of the Listing Agreement (SEBI) and Corporate Governance Voluntary Guidelines of MCA (2009) to a mandatory Board evaluation under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

The Companies Act, 2013 and SEBI LODR provide for several mandatory provisions for Board Evaluation on who is to be evaluated, who is to evaluate such persons, disclosure requirements, etc. The main provisions of Companies Act, 2013 and SEBI LODR on Board Evaluation as applicable to listed entities is attached at **Annexure A1** and summarized as under:

1. Role of the Nomination and Remuneration Committee (NRC):

- a. NRC shall formulate of criteria for evaluation of performance of independent directors and the board of directors.
- b. NRC shall carry out evaluation of every director's performance.
- c. NRC shall determine 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.

2. Role of independent directors:

a. In the meeting of independent directors of the company (without the attendance of non-independent directors and management), such directors shall:

- i. review the performance of non-independent directors and the Board as a whole.
- ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.

iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

b. The independent directors shall bring an objective view in the evaluation of the performance of board and management.

3. Evaluation of independent directors: the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

4. Disclosure requirements:

a. A statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors shall be included in the report by Board of Directors placed in the general meeting.

b. The performance evaluation criteria for independent directors **shall be disclosed in the section on the corporate governance of the annual report.**

B. Subject of Evaluation

As required under SEBI LODR and Companies Act, the evaluation of the Board involves multiple levels:

1. Board as a whole
2. Committees of the Board
3. Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.)

C. Process of Evaluation

The process of evaluation is generally elaborate, stretching across pre-evaluation, evaluation and post- evaluation processes including, inter alia, the following:

1. Identifying the objectives of evaluation:

Identifying the objectives of the evaluation is the first and a crucial step in the Board Evaluation process. Clear identification of objectives is key to streamlining the process of evaluation, analyzing the results and taking appropriate and corrective action.

The objectives may be:

- a) General objectives- Standard Objectives for all Board evaluations of the entity
- b) Specific objectives- Objectives specific to the current Board evaluation based on recent events, new issues of concern, etc.

2. Criteria of evaluation:

The criteria for evaluation under different categories depend on the role the person/group plays in the organization. For instance, the evaluation of the Chairperson may evaluate the person's leadership, coordination and steering skills, etc. which may be different from the role of other directors. The criteria for every evaluation may be decided at every level depending on the functions, responsibilities, competencies required, nature of business, etc. As per SEBI LODR, the primary responsibility of formulation of criteria lies on the NRC.

Indicative criteria that may be used for different directors/groups are:

A. Board as a whole

a. Structure of the Board:

i. **Competency of directors:** (*Different competencies may be identified as may be required for effective functioning of the entity and the Board*) -Whether Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.

ii. **Experience of directors:** Whether Board as a whole has directors with enough experience to conduct its affairs effectively.

iii. **Mix of qualifications:** Whether Board as a whole has directors with a **proper mix of qualifications** to conduct its affairs effectively.

iv. **Diversity in Board under various parameters: Gender/background/ competence/experience,** etc. – Whether there is sufficient diversity in the Board on the aforesaid parameters.

v. **Appointment to the Board:** Whether the process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors.

b. Meetings of the Board:

i. **Regularity of meetings:** Whether meetings are being held on a regular basis

ii. **Frequency:**

1. Whether the Board meets frequently

2. Whether the frequency of such meetings is enough for the Board to undertake its duties properly

iii. **Logistics:** Whether the logistics for the meeting is being handled properly- venue, format, timing, etc.

iv. **Agenda:**

1. Whether the agenda is circulated well before the meeting

2. Whether the agenda has all relevant information to take decision on the matter

3. Whether the agenda is up to date, regularly reviewed and involves major substantial decisions

4. Whether the quality of agenda and Board papers is up to the mark (explains issues properly, not overly lengthy, etc.)

5. Whether outstanding items of previous meetings are followed-up and taken up in subsequent agendas

6. Whether the time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject

7. Whether the Board is able to finish discussion and decision on all agenda items in the meetings

8. Whether adequate and timely inputs are taken from the Board members prior to setting of the Agenda for the meeting

9. Whether the agenda includes adequate information on Committee's activities

v. **Discussions and dissent:**

1. Whether the Board discusses every issue comprehensively and depending on the importance of the subject

2. Whether the environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear or fervour

3. Whether the discussions generally add value to the decision making

4. Whether the Board tends towards groupthink and whether critical and dissenting suggestions are welcomed

5. Whether all members actively participate in the discussions

6. Whether overall, the Board functions constructively as a team

vi. Recording of minutes:

1. Whether the minutes are being recorded properly- clearly, completely, accurately and consistently.
2. Whether the minutes are approved properly in accordance with set procedures.
3. Whether the minutes are timely circulated to all the Board members
4. Whether dissenting views are recorded in the minutes

vii. Dissemination of information:

1. Whether all the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly
2. Whether Board is adequately informed of material matters in between meetings

c. Functions of the Board:

(Functions of the Board have been specified in detail in Chapter II of SEBI LODR and Companies Act)

i. **Role and responsibilities of the Board:** Whether the same are clearly documented E.g. Difference in roles of Chairman and CEO, Matters reserved for the Board, etc.

ii. **Strategy and performance evaluation:**

1. Whether significant time of the Board is being devoted to management of current and potential strategic issues
2. Whether various scenario planning is used to evaluate strategic risks
3. Whether the Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments.

iii. **Governance and compliance:**

1. Whether adequate time of the Board is being devoted to analyse and **examine governance and compliance issues**
2. Whether the Board monitors the **effectiveness of its governance practices** and makes changes as needed
3. Whether the Board ensures the **integrity of the 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.
4. Whether the Board oversees the process of disclosure and communications.
5. Whether the Board evaluates and analyses the compliance certificate from the auditors / practicing company secretaries regarding compliance of conditions of corporate governance.

iv. **Evaluation of Risks:**

1. Whether Board undertakes a **review of the high risk issues impacting the organization regularly**
2. In assessment of risks, whether it is ensured 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 entity to excessive risk.

v. **Grievance redressal for Investors:**

Whether the Board **regularly reviews the grievance redressal mechanism of investors**, details of

grievances received, disposed of and those remaining unresolved.

vi. ***Conflict of interest:***

1. Whether the Board **monitors and manages 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.**
2. Whether a sufficient number of non-executive members of the board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest

vii. ***Stakeholder value and responsibility:***

1. Whether the decision making process of the Board is adequate to assess **creation of stakeholder value**
2. Whether the Board has **mechanisms in place to communicate and engage with various stakeholders**
3. Whether the Board **acts on a fully informed basis**, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders.
4. Whether the Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different shareholder/ stakeholder groups differently.
5. Whether the Board regularly reviews the Business Responsibility Reporting / related corporate social responsibility initiatives of the entity and contribution to society, environment etc.

viii. ***Corporate culture and values:*** Whether the Board sets a corporate culture and the values by which executives throughout a group shall behave

ix. ***Review of Board evaluation:*** Whether the **Board monitors and reviews the Board evaluation framework.**

x. ***Facilitation of independent directors:*** Whether the **Board facilitates 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 and any criticism by such directors is taken constructively.

d. Board and management:

i. ***Evaluation of performance of the management and feedback:***

1. Whether the Board **evaluates and monitors management**, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance
2. Whether the **measures used are broad enough to monitor performance of the management**
3. Whether the management's performance is benchmarked against industry peers
4. Whether **remuneration of the management is in line with its performance and with industry peers**
5. Whether remuneration of the Board and the management is aligned with the longer term interests of the entity and its shareholders.
6. Whether the Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation.
7. Whether the Board 'steps 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 entity's focus.

ii. **Independence of the management from the Board:** Whether the level of independence of the management from the Board is adequate

iii. **Access of the management to the Board and Board access to the management:** Whether the Board and the management are able to actively access each other and exchange information

iv. **Secretarial support:** Whether adequate secretarial and logistical support is available for conducting Board meetings

v. **Fund availability:** Whether sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting, etc.

vi. **Succession plan:** Whether an appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board

e. Professional development:

i. Whether adequate induction and professional development programmes are made available to new and old directors

ii. Whether continuing directors training is provided to ensure that the members of board of directors are kept up to date

B. Committees of the Board

a. **Mandate and composition:** Whether the mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.

b. **Effectiveness of the Committee:** Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable

(For different Committees, different functions may be laid out as sub-criteria for evaluation)

c. **Structure of the Committee and meetings:**

i. Whether the Committees have been structure properly and regular meetings are being held

ii. In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board

d. **Independence of the Committee from the Board:** Whether adequate independence of the Committee is ensured from the Board

e. **Contribution to decisions of the Board:** Whether the Committee's recommendations contribute effectively to decisions of the Board.

C. Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.)

General

a. **Qualifications:** Details of professional qualifications of the member

b. **Experience:** Details of prior experience of the member, especially the experience relevant to the entity

c. Knowledge and Competency:

i. How the person fares across different competencies as identified for effective functioning of the entity and the Board (*The entity may list various competencies and mark all directors against every such competency*)

ii. Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates

d. **Fulfillment of functions:** Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law (E.g. Law imposes certain obligations on independent directors)

e. **Ability to function as a team:** Whether the person is able to function as an effective team-member

f. **Initiative:** Whether the person actively takes initiative with respect to various areas

g. **Availability and attendance:** Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.

h. **Commitment:** Whether the person is adequately committed to the Board and the entity

i. **Contribution:** Whether the person contributed effectively to the entity and in the Board meetings

j. **Integrity:** Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)

Additional criteria for Independent director:

a. **Independence:** Whether person is independent from the entity and the other directors and there if no conflict of interest

b. **Independent views and judgement:** Whether the person exercises his/ her own judgement and voices opinion freely

Additional criteria for Chairperson:

a. **Effectiveness of leadership and ability to steer the meetings:** Whether the Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively

b. **Impartiality:** Whether the Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.

c. **Commitment:** Whether the Chairperson is sufficiently committed to the Board and its meetings.

d. **Ability to keep shareholders' interests in mind:** Whether the Chairperson is able to keep shareholders' interest in mind during discussions and decisions.

Different criteria may be assigned different weights depending on the organisation's requirements, circumstances, outcome of previous assessments, stage of Board's maturity, etc. Instead of the questionnaire in a simple yes/no format, it is desirable that it provides scope for grading, additional comments, suggestions, etc.

3. Method of evaluation:

As a global best practice, the method of evaluation is generally in 2 ways:

a. **Internal assessment**

b. **Assessment by external experts**

Internal assessment:

Internal assessment of the Board is crucial. Who should evaluate whom is provided in the Companies Act and SEBI LODR as specified above.

The internal assessment may be done by following methods:

- a. A detailed Questionnaire to be circulated to individual directors, Committees, Board, etc.
- b. Oral assessments provided by the person on interviews

If deemed fit, the questionnaire may enable written answers to be submitted on a confidential basis. If due to various reasons, members are not willing to provide written inputs, the Chairperson or any other person may take initiative and obtain views of such members on a confidential basis.

Assessment by external experts:

Use of external experts imparts independence to the evaluation process and therefore is used by many entities globally. However, care must be taken to ensure that the external assessor is not a related party or conflicted due to closeness of the Board to ensure impartiality.

Such external assessment may be done based on questionnaires/interviews or a combination of the two and done on a regular basis. Such external assessment complements the internal assessment and adds an objective aspect to the evaluation process.

Effective use of Information Technology through use of board evaluation software, applications, etc. can also play a facilitating role.

D. Feedback

Providing feedback to the individual directors, the Board and the Committees is crucial for success of Board Evaluation. On collation of all the responses, the feedback may be provided in one or more of the following ways:

- a. Orally given by Chairman/ external assessor or any other suitable person to
 - i. Each Member separately
 - ii. To the entire Board
 - iii. To the Committees

- b. A written assessment to every member, Board and Committee

The active role of the Chairperson is desirable in providing feedback to the members. If members are not comfortable to open individual assessments, provision for confidentiality may be made where possible. For effectiveness of the evaluation, it is essential that the feedback be given honestly and without bias.

E. Action Plan

Based on the analysis of the responses, the Board may prepare an action plan on:

- ☑ Areas of improvement including training, skill building, etc. as may be required for Board members
- ☑ List of actions required detailing:
 - o Nature of actions
 - o Timeline
 - o Person responsible for implementation
 - o Resources required, etc.
- ☑ Review of the actions within a specific time period

The action plan may be prepared by the Board in a comprehensive manner. Suggestions under the external assessment, individual member feedback, etc. may be taken into account while drafting the action plan.

F. Disclosure requirements

SEBI LODR and Companies Act require disclosure of manner of formal annual evaluation of the Board, its committees and individual directors and of performance evaluation criteria for independent directors to the shareholders on an annual basis.

In addition, for more transparency, many entities worldwide voluntarily provide additional disclosures including the results of the Board evaluation, action taken on the basis of the evaluation, current status, etc. to various stakeholders.

G. Frequency of Board Evaluation

As per SEBI LODR and Companies Act, the Board Evaluation is required to be done **once a year**. The entity, if it so desires, may also conduct such evaluation more frequently. Since Board evaluation is a continuous process, it is felt that feedback provided to the members during meetings and otherwise, whether oral or written, is more effective for continuous improvement and ideally complements the annual evaluation process.

Many entities globally also complement the internal assessment with external assessment at regular intervals to impart objectivity to the process.

H. Responsibility

The responsibility of Board evaluation lies on different persons depending on the subject of evaluation as per Companies Act and SEBI LODR.

However, it is found that on a global basis, generally the primary role of steering the whole process of Board evaluation and of ensuring its effectiveness in improving the Board efficiency lies on the Chairperson. Therefore, to achieve maximum benefit of the process, the role and function of Chairperson in Board Evaluation needs to be laid out clearly in advance.

I. Review

Board evaluation is not a static process and requires periodical review for improvement. The responsibility of such review of the evaluation process lies with the Board of Directors in accordance with SEBI LODR.

Such review may involve the following:

- a. Whether objectives and criteria for evaluation are adequate or needs to be changed/ updated
- b. Whether the process/method of evaluation is appropriate for individual members, Committees and the Board
- c. Whether the actions based on the Board evaluation is being followed up on a timely basis
- d. Whether the Board evaluation has enhanced effectiveness of the Board
- e. Whether the review of the process is being done on a regular basis
- f. Whether feedback of the members to improve the process is being taken into account

Such review may be done based on feedback from management, Board members, Chairperson, external assessors, various stakeholders, etc.

Annexure A1

Main provisions under Companies Act with respect to Board Evaluation

Section 134(3)- There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

(p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been

made by the Board of its own performance and that of its committees and individual directors;

Section 178(2)- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

SCHEDULE IV: CODE FOR INDEPENDENT DIRECTORS

II. Role and functions. (2) The independent directors shall bring an objective view in the evaluation of the performance of board and management;

V. Re-appointment: The re-appointment of independent director shall be on the basis of report of performance evaluation.

VII. Separate meetings:

(1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;

(2) All the independent directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, 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 company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Rule 8 (4) of the Companies (Accounts) Rules, 2014

Every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Main provisions under SEBI LODR with respect to Board Evaluation

CHAPTER II:

4(2)(f)(ii): Key functions of the board of directors- (9) Monitoring and reviewing board of director's evaluation framework.

Chapter IV:

17(10): The performance evaluation of independent directors shall be done by the entire board of directors:

Provided that in the above evaluation the directors who are subject to evaluation shall not participate:

25: (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.

Schedule II (PART D) (A) ROLE OF NOMINATION AND REMUNERATION COMMITTEE: Role of committee shall, inter-alia, include the following:

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(4) 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.

(5) 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.

Schedule V: Corporate Governance Report. The following disclosures shall be made in the section on the corporate governance of the annual report.

(4) Nomination and Remuneration Committee:

(d) performance evaluation criteria for independent directors.

STAKEHOLDER RELATIONSHIP COMMITTEE

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.	Check- 1. Constitution of Stakeholder's Relationship Committee including if chairman is Non-Executive 2. Minutes of AGM ,if the Chairman of this com was present in the AGM 3. If the meeting held at least once in a year. 4. The minutes of the committee for the fulfillment of role and responsibility of committee members as specified in Part D of the Schedule II
20(2)	The chairperson of this committee shall be a non-executive director.	
20(2A)	At least three directors, with at least one being an independent director, shall be members of the Committee and in case of listed entity having outstanding SR equity shares, two thirds of the stakeholders relationship committee shall comprise of independent directors	
20(3)	The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders.	
20(3A)	The stakeholder's relationship committee shall meet at least once in a year .	
20(4)	The Role of Stakeholder's Relationship Committee	

PART D: ROLE OF COMMITTEES (OTHER THAN AUDIT COMMITTEE)

[See Regulation 19(4) and 20(4)]

B. Stakeholders Relationship Committee

The role of the committee shall *inter-alia* include the following:

<p>(1) 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.</p> <p>(2) Review of measures taken for effective exercise of voting rights by shareholders.</p> <p>(3) 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.</p> <p>(4) 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.</p>	
<p>Comments:-The Stakeholder Relationship committee may meet quarterly instead of requirement of meeting at least once in a year as the primary role of this committee is to resolve the grievances of the security holder. Again, as per Regulation 13, the listed entity shall file with the recognised stock exchange(s) on a quarterly basis, within 21 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 and this statement shall be placed before the Board on quarterly basis.</p> <p>As per LODR, the corporate governance report of the listed entity should disclose the following with respect to Stakeholders' grievance committee:</p> <p>(a) name of non-executive director heading the committee;</p> <p>(b) name and designation of compliance officer;</p> <p>(c) number of shareholders' complaints received so far;</p> <p>(d) number not solved to the satisfaction of shareholders;</p> <p>(e) number of pending complaints</p>	
<p>RISK MANAGEMENT COMMITTEE (Applicable to Top 500 Companies)</p>	
21(1)	The board of directors shall constitute a Risk Management Committee
21(2)	The majority of members of Risk Management Committee shall consist of members of the board of directors and in case of listed entity having outstanding SR equity shares, two thirds of the risk management committee shall comprise of independent directors
21(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.
21(3A)	The risk management committee shall meet at least once in a year
21(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
<p>Check-</p> <ol style="list-style-type: none"> 1. Composition of the committee including Chairman. 2. If the committee has met at-least once in a year. 3. Minutes of board to ascertain if the role and responsibility as set by the board for the committee are transacted. 4. Whether committee monitors and reviews the cyber security. 	

	security.	
21(5)	The provisions of this regulation shall be applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.	
<p>Comments:- There is no specific requirement to constitute Risk Management committee under Companies Act. However, as per Section 134(3)(n), the Board report should disclose a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company and as per Section 177(4)(vii), the audit committee is responsible for evaluation of internal financial controls and risk management systems.</p> <p>The listed company is also required to give a detailed discussion about “risks and concerns” in Management Discussion and Analysis Report attached with the Board’s report.</p>		
VIGIL MECHANISM		
22(1)	The listed entity shall formulate a vigil mechanism for directors and employees to report genuine concerns.	Check- 1. Minutes of the board for formulation and adoption of Vigil Mechanism policy. 2. Safeguard mechanism of the company to protect the directors or employees or any other person who avail the mechanism
22(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 <u>direct access to the chairperson of the audit committee</u> in appropriate or exceptional cases.	
<p>Comments:- As per Section 177(10), the details relating to establishment of vigil mechanism shall be hosted in website and also disclosed in Board’s Report.</p> <p>As per LODR, the corporate governance report attached with the Board report of the entity, apart from disclosing the establishment of vigil mechanism, also contain an affirmation that no personnel has been denied access to the audit committee.</p>		
RELATED PARTY TRANSACTION		
23(1)	<p>The listed entity shall formulate a <u>policy on materiality of related party transactions and on dealing with related party transactions</u> including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors <u>at least once every three years</u> and updated accordingly:</p> <p>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</p>	Check- 1. Board minutes, if the Policy on materiality of related party transactions and on dealing with related party transactions is being formulated and adopted by the board. 2. Whether Board has reviewed and updated the Policy during the financial year, if no, ascertain in which year, the Board has last reviewed the Policy

	statements of the listed entity.	
Comments:- The Board of directors of the listed company is entrusted to frame a Materiality RPT policy. The policy should be clearly state the threshold limit, the manner of dealing with related party. The policy should be reviewed by the Board at least once in every three years.		
23(1A)	Notwithstanding the above, 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	Check- <ol style="list-style-type: none"> 1. if there is any payment to related party for Brand usage / Royalty. 2. If yes, then check if the payment made is not more than 5% of the Annual Consolidated turnover of the listed entity as per its last audited financial statements. 3. If the all the related party transactions are approved by Audit committee before being approved by the board.
23(2)	All related party transactions , require prior approval from Audit Committee	
23(3)	<p>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-</p> <p>(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 <u>transactions which are repetitive in nature</u>;</p> <p>(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;</p> <p>(c) the omnibus approval shall specify:</p> <p>(i) the <u>name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions</u> that shall be entered into,</p> <p>(ii) <u>the indicative base price / current contracted price</u> and the formula for variation in the price if any; and</p> <p>(iii) such other conditions as the audit committee may deem fit:</p> <p>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</p>	<p>If the company has taken omnibus approval, Check-</p> <ol style="list-style-type: none"> 1. If Audit Committee has specified the criteria for the granting omnibus approval in line with policy on related party transactions 2. If there is any omnibus approval for unforeseen transactions and approval. If yes, then check the value of transactions must not exceed 1 crore per transaction. 3. The validity of omnibus approval. 4. Audit Committee minutes for review of RPTs through omnibus

	<p><u>subject to their value not exceeding rupees one crore per transaction.</u></p> <p>(d) <u>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.</u></p> <p>(e) Such omnibus approvals shall be valid for a <u>period not exceeding one year</u> and shall require fresh approvals after the expiry of one year:</p>	
23(4)	<p>All <u>material related party transactions</u> shall require <i>approval of the shareholders</i> 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:</p> <p>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;</p>	<ol style="list-style-type: none"> 1. Check whether all MATERIAL related party transactions are approved by the shareholders. 2. Check from General meeting minutes, Scrutinizer Report & Voting pattern submitted to stock exchange and ascertain whether, related party voted in such resolutions.
23(5)	<p>The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:</p> <p>(a) transactions entered into between two government companies;</p> <p>(b) Transactions entered into between a <u>holding company and its wholly owned subsidiary</u> whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>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.</p>	
23(6)	The provisions of this regulation shall be applicable to all prospective transactions.	
23(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.	
23(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.	
23(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.	Check- 1. HALF YEARLY consolidated related party transactions Disclosure submitted to Stock Exchange and posted on company's website within 30 days from the date of publication of results
<p>Comments:- As per Section 188 of the Companies Act, 2013, except with the consent of the Board of Directors no company shall enter into any contract or arrangement with a related party with respect to—</p> <p>(a) sale, purchase or supply of any goods or materials;</p> <p>(b) selling or otherwise disposing of, or buying, property of any kind;</p> <p>(c) leasing of property of any kind;</p> <p>(d) availing or rendering of any services;</p> <p>(e) appointment of any agent for purchase or sale of goods, materials, services or property;</p> <p>(f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and</p> <p>(g) underwriting the subscription of any securities or derivatives thereof, of the company:</p> <p>As per LODR, all RPT should be prior approved from Audit Committee. As per Companies Act, 2013, prior consent of Board of directors is required for all RPT.</p> <p>As per Rule 15 of Companies (Meetings of Board & Its Power) Rules, 2014, except with the prior approval of the company by resolution, a company shall not enter into a transaction or transactions</p> <p>(a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-</p> <p>(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting <u>to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower</u>, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;</p> <p>(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;</p> <p>(iii) leasing of property any kind amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;</p> <p>(iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:</p> <p>(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.</p> <p>(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of</p>		

the company exceeding one percent. of the net worth as as mentioned in clause (g) of sub-section (1) of section 188.

Explanation.- (1) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

(2) In case of wholly owned subsidiary, the resolution is passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

(3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:-

(a) name of the related party;

(b) name of the director or key managerial personnel who is related, if any;

(c) nature of relationship;

(d) nature, material terms, monetary value and particulars of the contract or arrangements;

(e) any other information relevant or important for the members to take a decision on the proposed resolution.

Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties:

Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

Provided also that the requirement of passing the resolution under first proviso shall not be applicable for 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.

CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF LISTED ENTITY

24(1)	<p>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.</p> <p>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.</p>	<p>Check –</p> <ol style="list-style-type: none"> 1. If there is any material subsidiary in India or outside India. 2. If 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.
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Comments:-As per Regulation 16, "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. However, for appointment of Independent Director as required under Regulation 24(1), "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.

The regulation does not provide any time line within which the company should comply this provision, in case of first time apply. Therefore, the company should take immediate steps to comply this regulation.		
24(2)	The audit committee of the listed entity shall also review the <u>financial statements</u> , in particular, the <u>investments made by the unlisted subsidiary</u> .	Check from Audit committee minutes, whether committee review financial statements and Investments made by ALL unlisted subsidiary including foreign subsidiary
Comments:- This regulation puts obligation upon Audit committee of listed entity to review financial statement and Investment made by all unlisted subsidiary company, irrespective whether material or not. Here it also include foreign subsidiary.		
24(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.	Check from Board minutes, whether minutes of ALL unlisted subsidiary was placed before the Board of the listed holding company
Comments:- This regulation puts obligation upon Board of Directors of listed entity to review Board minutes of all unlisted subsidiary company, irrespective whether material or not. Here it also include foreign subsidiary .		
24(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 <u>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</u> .	Check- 1. If there is any significant transaction entered into by the unlisted subsidiary. 2. Board minutes, if these transactions are placed before the board 3. Take management confirmation regarding No Significant transaction or there is no other significant transactions except those are placed before the Board.
Comments:- This regulation puts onus on management of all unlisted subsidiary to submit all significant transaction to the Board of Directors of the listed entity. The transaction may be of the nature of revenue, expenditure, asset or liability. Significant transaction means 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, for the immediately preceding accounting year.		
24(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) <u>to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting</u> except in cases where such divestment is made under a scheme of arrangement duly	Check- 1. Whether there is any disinvestment by the company in its MATERIAL subsidiary resulting reduction of shareholding below 50% 2. If yes, check whether company has taken Shareholders approval (special resolution),if the disposal

	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	of shares (directly or indirectly) are more than 50% or there is cease of control over the subsidiary.
<p>Comments:-To protect Investor's interest, this regulation deals with reduction of shareholding of material subsidiary through disposal and thus reducing its shareholding to less than 50% or cessation of control. This requires special resolution in General Meeting. However, there may be scenario, where listed company's shareholding reduced to below 50% or ceases control without disposal of shareholding. The regulation is silent in this aspect. In our opinion, in case of increase in paid-up capital of the subsidiary thus reducing the shareholding of material subsidiary to less than 50%, does not required shareholder's approval.</p>		
24(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	<p>Check-</p> <ol style="list-style-type: none"> 1. Whether there is any selling, disposing or leasing of assets of any MATERIAL subsidiary during the financial year 2. Is such disposal is more than 20% of the assets of the material subsidiary on an aggregate basis during financial year. 3. If yes, than whether company has taken prior approval of shareholders by way of special resolution. 4. Take management confirmation regarding no selling, disposing or leasing of assets of any MATERIAL subsidiary during the financial year or selling/ disposing/leasing below the prescribed 20% limit
<p>Comments:- This regulation restricts material subsidiary to dispose more than 20% of its assets on a aggregate basis during a financial year without the shareholder's approval of its holding company.</p> <p>Section 180(1)(a) of the Companies Act, 2013 also restricts Board of Directors to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings. For the purposes of this clause,—</p> <p>“Undertaking” shall mean an undertaking in which the investment of the company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year.</p>		
24(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.

Informal Guidance

Suzlon Energy Limited (SEL) is a listed entity having its registered office in Ahmedabad and group headquarters based in Pune. It is inter alia engaged in the business of designing, developing and manufacturing and supplying of wind turbine generators and together with these subsidiaries provides turnkey solution for setting up of, operating and maintaining of wind farm projects. SEL in its ordinary course of business inter alia sets up special purpose vehicles (SPVs) by subscribing to the SPV companies, installs wind or solar energy projects in such SPVs and proposes to eventually transfer its entire shareholding in the PSV to its clients/ investors. It is stated in the application that SEL has certain subsidiaries which had positive net worth and certain subsidiaries which had negative net worth as on March 31,2016. SEL, from time to time, explores various options in order to reduce its debt and disinvestment of one or more of its subsidiaries could be a part of such options. It has been stated that, based on the audited accounts of the company for the financial year 2015-16, the company's consolidated net worth was negative as on March 31, 2016.

Regulation 16 (1) (c) of Listing Regulations defines a material subsidiary as — "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." Based on the above, a subsidiary of a listed entity would qualify as a material subsidiary if it satisfies either of the tests, i.e., if the income of a subsidiary exceeds 20% of the consolidated income of the listed entity and its subsidiaries or exceeds 20% of the consolidated net worth of the listed entity and subsidiaries, in the immediately preceding accounting year.

Further, the application makes a reference to Regulation 24(1) on the requirement to appoint at least one independent director on the board of the unlisted material subsidiary, Regulation 24(5) on non-disposal of shares in the material subsidiary to less than 50% or ceasing control over the subsidiary and Regulation 24 (6) on the, selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary in a year requiring prior approval of shareholders unless it is a scheme of arrangement.

Query 1: If the net worth of the company for an accounting year is negative, whether under Regulation 16(1)(c) of the Listing Regulations, the net worth test would be required to be considered to determine if any of the SPVs/ subsidiaries of the company are/ would be material subsidiaries of the company during the following year? If yes, how would the materiality threshold of 20% with reference to such negative net worth be determined since arithmetically, percentage for zero and less than zero is illogical?

For instance, if the consolidated turnover is 10,000 Crores, equity share capital is 700 Crores and consolidated net worth of the Company is -7000 Crores, (i) what would be the materiality threshold as per the Net-worth Test; and (ii) if four of the Company's subsidiaries have turnover of 500 Crores, 1500 Crores, 200 Crores and NIL respectively; and net worth of -1000 Crores, 150 Crores, 25 Crores and 10 Lacs respectively, which of such subsidiaries would be considered material subsidiaries of the Company as per the Net-worth Test ?

Query 2: Given its business structure, whether the company can obtain an omnibus approval of its shareholders, in terms of Regulation 24(5) of the Listing Regulations, during the financial year, permitting the board of directors/ duly authorized committee to dispose off the company's shareholding (more than 50% shares) in SPVs (which are material subsidiaries) during such financial

year? This would prevent the hardship of approaching the shareholders repeatedly, which involves significant costs and time, prior to each such disposal in the relevant financial year?

Query 3: Whether company is required to approach shareholders under Regulation 24 (5) of Listing Regulations in the event of shareholding of the company in a material subsidiary is reduced below 50% or the company ceases to have a control over a material subsidiary pursuant to a further issuance of shares by such subsidiary and not due to disposal of shares by the company?

Informal Guidance:-

Response 1: As provided in Regulation 16(1) (c), a listed entity can be guided by either the income criteria or the net worth criteria as mentioned in Regulation 16(1)(c) and may choose to formulate their policy for materiality. A listed entity can develop criteria that are stricter than what has been provided in the Regulations

Response 2: Regulation 24 (5) of the Listing Regulations stipulates as under :

"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".

The requirement under Regulation 24 (5) for passage of a special resolution while disposing off shares in a material subsidiary below the prescribed thresholds by the listed entity is a measure put in place to ensure protection of investor interest. The provisions do not envisage omnibus approvals. The listed parent entity would therefore be required to obtain special resolution from its shareholders for disposing of shares in its material subsidiary to less than 50%.

Response 3: Since a subsidiary is within the control of its parent entity, there may not arise any such situation where a further issue of shares or dilution of holding or cessation of control is made without the involvement of the parent entity. The regulation also does not provide for such situations and requires shareholder approval through special resolution. Therefore, the listed parent entity would therefore be required to obtain special resolution from its shareholders

SECRETARIAL AUDIT

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.]	Check- 1. if the company has material unlisted subsidiary If yes, then material unlisted subsidiary shall have to annexed with its Annual Report a Secretarial Audit Report
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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.

CIRCULAR

CIR/CFD/CMD1/27/2019

February 08, 2019

Sub: Format for annual secretarial audit report and annual secretarial compliance report for listed entities and their material subsidiaries

1. The Committee on Corporate Governance, constituted under the Chairmanship of Shri Uday Kotak, in its report dated October 05, 2017, recommended the following in view of the criticality of secretarial functions to efficient board functioning:

a. Secretarial audit to be made compulsory for all listed entities under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") in line with the provisions of the Companies Act, 2013.

b. Secretarial audit to be extended to all material unlisted Indian subsidiaries in line with the recommendations of the Committee on strengthening group oversight and improving compliance at a group level for listed entities.

2. The aforesaid recommendations were accepted and in order to implement the same, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been amended to include the following Regulation 24A:

"24A: Secretarial Audit

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 prescribed with effect from the year ended March 31, 2019."

3. Accordingly, the following shall be complied with by a listed entity and its material unlisted subsidiaries, as applicable:

a. Annual secretarial audit report:

(i) Currently, Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 requires Secretarial Audit by Practicing

Company Secretaries (PCS) for listed companies and certain unlisted companies above a certain threshold in Form No. MR-3.

(ii) In order to avoid duplication, the listed entity and its unlisted material subsidiaries shall continue to 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well.

b. Annual secretarial compliance report:

(i) While the annual secretarial audit shall cover a broad check on compliance with all laws applicable to the entity, listed entities shall additionally, on an annual basis, require a check by the PCS on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the PCS shall submit a report to the listed entity in the manner specified in this circular.

(ii) The format for the annual secretarial compliance report is placed at **Annex-A**.

(iii) The annual secretarial compliance report in the aforesaid format shall be submitted by the listed entity to the stock exchanges within 60 days of the end of the financial year.

c. The listed entities and their material subsidiaries shall provide all such documents/information as may be sought by the PCS for the purpose of providing a certification under the Regulations and

this circular.

4. ICSI may consider issuing a guidance note to Practising Company Secretaries to enable them to undertake certifications in accordance with the Regulations and this circular in letter and in spirit.

5. The Stock Exchanges are advised to bring the provisions of this circular to notice of the listed entities and also to disseminate on their websites.

6. This circular shall come into force as under:

a. With respect to the annual secretarial audit report, in the annual reports of the listed entities and the material unlisted subsidiaries from the financial year ended March 31, 2019 onwards.

b. With respect to the annual secretarial compliance report, applicable to listed entities, with effect from the financial year ended March 31, 2019 onwards.

7. The circular is issued in exercise of the powers conferred under sections 11 and 11A of the Securities and Exchange Board of India Act, 1992 read with Regulations 24A and 101 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

OBLIGATIONS WITH RESPECT TO INDEPENDENT DIRECTORS

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.	Check that no alternative director shall be appointed for any Independent director or should not continue with such appointment if already holding such post.
<p>Comments:- As per Section 161(2) of the Companies Act, 2013, the Board of Directors of a company may, if so authorized by its articles or by a resolution passed by the company in general meeting, appoint a person, not being a person holding any alternate directorship for any other director in the company or holding directorship in the same company, to act as an alternate director for a director during his absence for a period of not less than three months from India. Provided that no person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of this Act.</p> <p>Companies Act allows appointment of alternate directorship for any Independent Director; however LODR does not allow the same. Hence, in case of listed company, the Board of Directors should not appoint any alternate director for its Independent Director.</p>		
25 (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.	Check Board resolution and DIR 12 and General meeting minutes to ensure that the tenure of Independent Directors is as per section 149 of the Companies Act 2013.
<p>Comments:- As per Section 149(10) of the Companies Act, 2013, Subject to the provisions of section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.</p>		
25(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.	Check to ensure that independent directors' meeting (without the presence of non-independent directors and members of management) was held at least once in a year.
<p>Comments:- This regulation puts an obligation upon Independent Director to hold at least one</p>		

<p>separate meeting in a year without the presence of non-independent directors and management personnel of the entity. The OECD Principles of Corporate Governance (Principle VI (E)) envisages the post of lead-independent director to chair the meetings of outside directors. Some companies are following practice of designating one Independent Director as Lead Independent Director. The Lead Independent Director should take responsibility to summon such meeting and also preside over it. The company secretary being part of the management should not attend the meeting. However, the company secretary may assist to serve the notice; agenda and may assist in other logistics support for conducting the meeting. Clause VII of Schedule IV to the Companies Act, 2013 also provide that a separate meeting of Independent Directors should be held atleast once in a year. Neither in LODR nor in companies act is the term "Year" defined. However, as per Section 173 of the Companies Act, the Board is required to hold atleast 4 meeting in a year and here year means Calendar Year. Thus for synchronization, we can presumed that independent directors meeting should be held at least once in a calendar year.</p>		
25(4)	<p>The independent directors in the meeting referred in sub-regulation (3) shall, <i>inter alia</i>-</p> <p>(a) review the performance of non-independent directors and the board of directors as a whole;</p> <p>(b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;</p> <p>(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 .</p>	<p>Check the minutes of meeting of Independent Director to ensure that agenda as specified is well taken up by the members.</p>
<p>Comments:- This regulation and Schedule IV of the Companies Act, 2013 lays down the purpose for which independent directors are supposed to meet separately in the absence of non-independent directors and members of management. The purpose of such meeting of will be evaluating the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors, reviewing the performance of non-independent directors and the Board as a whole and assessing the quality, quantity and timeliness of flow of information between the company management and the Board so as to ensure that the Board is performing the duties effectively and reasonably.</p>		
25(5)	<p>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, attributable 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.</p>	
<p>Comments:- As per Section 149(12) of the Companies Act, 2013, notwithstanding anything contained in the act, an independent director & a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligent.</p>		
25(6)	<p>An independent director who resigns or is</p>	<p>Check that Vacancy created by resignation</p>

	<p>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 <u>not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:</u></p> <p>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.</p>	<p>or removal of Independent director shall be filled in at the earliest but not later than 3 months</p>
<p>Comments:- When there is any vacancy created due to resignation or removal, the listed should fill the vacancy before next Board meeting or three months, whichever is later. However, when the vacancy was created due to some other reason such as death, disqualification, then this regulation is not applicable. Again, when the company has fulfilled the minimum independent directorship even after the resignation or removal, this regulation is also not applicable.</p>		
25(7)	<p>The listed entity shall familiarize the independent directors through various programmes about the listed entity, including the following:</p> <p>(a) nature of the industry in which the listed entity operates;</p> <p>(b) business model of the listed entity;</p> <p>(c) roles, rights, responsibilities of independent directors; and</p> <p>(d) any other relevant information.</p>	<ol style="list-style-type: none"> 1. Check the Program photographs, recoding if any, wherein Familiarization Program for Independent Directors was held. 2. Check the website of the company for details of familiarization program.
25(8)	<p>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 <u>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</u> 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.</p>	<ol style="list-style-type: none"> 1. Check minutes of the First Board meeting in which the Independent Directors participate post his appointment and the first BM of the financial year for recording the declarations submitted by the Independent Directors. 2. Check the declarations submitted by all the Independent Directors
25(9)	<p>The board of directors of the listed entity shall take on record the declaration and</p>	

	confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same.	
<p>Comments:- As per Section 149(7) of the Companies Act, 2013, 7) 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, give a declaration that he meets the criteria of independence as provided in sub-section (6).</p> <p>This regulation apart from putting responsibility upon Independent Directors to confirm his/her independency, puts responsibility upon the listed entity to verify first the accuracy of such declaration and then if found correct, take note of the same.</p>		
25(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 <u>all their independent directors</u> of such quantum and for such risks as may be determined by its board of directors	For top 500 listed companies Check- 1. if the Directors and officers insurance is taken for all Independent directors. 2. Board minutes for the value of the insurance as decided by the board and for the risk undertaken
<p>Comments:- As per Report of expert committee of MCA, Insurance for key-man and for key directors and officers of companies by means of general insurance policies may be taken by companies. Directors and Officers (D&O) insurance is a means by which companies and their directors/ officers may seek to mitigate potential personal liability. Insurance aids independence as the directors are not dependent on the company. Accordingly, S. 201 of the Companies Act should be modified to have the enabling provision for providing insurance / indemnification in case no wrongful act is established. The insurance premium paid by the company for such a policy need not be treated as a perquisite or income in the hands of director. However, if the wrongful act of the director is established, then the proportionate amount of premium attributable to such director should be considered as perquisite/income for the purpose of remuneration</p>		
OBLIGATIONS WITH RESPECT TO DIRECTORS AND SENIOR MANAGEMENT		
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 <u>in all public limited companies</u> , 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 <u>audit committee and the Stakeholders'</u>	Check declarations submitted by the directors about their committee positions in other public limited companies for the limits specified in this regulation. Declaration should preferably be submitted with Annual Disclosures and placed in the first BM of the financial year.

	Relationship Committee alone shall be considered.	
26(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.	
<p>Comments:- The limit is applicable only to the membership/chairmanship in <u>audit committee and the Stakeholders' Relationship Committee</u>. There is no such requirement under companies act to inform committee position. However, LODR puts obligation upon every director to intimate committee position. Although time of intimation was not mentioned. However, keeping in mind other similar disclosures, this should preferably be submitted with Annual Disclosures and placed in the first BM of the financial year.</p>		
26(3)	All members of the board of directors and senior management personnel shall affirm compliance with the <u>code of conduct of board of directors and senior management</u> on an annual basis.	Check confirmation submitted by directors and senior management personnel. Also check minutes of BM for taking note of affirmation for compliance of code of conduct.
<p>Comments:- All directors and senior management personnel shall submit confirmation relating to compliance of Code of Conduct. As per Regulation 16(d), "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.</p>		
26(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.	Where non-executive director is being appointed then Check whether Notice of general meeting considering such appointment, disclosed the shareholding of such Non-executive director.
<p>Comments:- This regulation puts an obligation upon non-executive director who is proposed to be appointed to disclose his shareholding. Even if the non-executive holds shares on beneficial basis for any other person, he is under obligation to disclose and in return, company shall disclose such shareholding in the EOGM notice containing the agenda for his appointment.</p>		
26(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.	Check Board minutes to ensure that board has taken note of the disclosure made by senior management.

Comments:- This regulation is a step forward towards inclusion governance in working management of the listed entity. The senior management is under obligation to disclose conflict of interest to the Board. There is no approval requirement from Board for any such transactions. However, Board should satisfy itself about the impact of all those transactions and protect the Investor interest.

26(6)	<p>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 <u>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</u>, 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:</p> <p>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:</p> <p>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:</p> <p>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:</p> <p>Provided further that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.</p> <p>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</p>	<ol style="list-style-type: none"> 1. Check if there is any such agreement exists. 2. If yes, check whether necessary Board and Shareholder approval has been obtained
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	<p>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.</p>	
<p style="text-align: center;"><u>SEBI Informal Guidance</u></p> <p>Brief Facts:- PNBHFL was listed on the Bombay Stock Exchange and the National Stock Exchange pursuant to its Initial Public Offer (IPO) on November 7, 2016. In 2009, M/s Destimoney Enterprises Limited, Mauritius ("DEL-Mauritius") acquired 49% of the share capital of PNBHFL through its downstream Indian subsidiary namely M/s Destimoney Enterprises Limited ("DEL-India"). The principal assets of DEL-India were the shares of PNBHFL. In the year 2015, Quality Investments Holdings, Mauritius ("QIH") acquired the entire shareholding (constituting over 95%) held by DEL-Mauritius in DEL-India at a premium. Since DEL-Mauritius received an excellent return on its investment in PNBHFL, it extended its appreciation to the members of the senior management team of PNBHFL for their efforts and support and proposed to make certain ex gratia payments to them. However, the proposal was not acted upon as there was no clarity on the legality of such payments. DEL-Mauritius has sought to revive the proposal and wishes to make the ex gratia payments to the senior management team of PNBHFL. The proposed ex gratia amounts would be remitted to PNBHFL's account and thereafter the board of directors of PNBHFL would decide on the method and criteria for distribution of the ex gratia amounts to them.</p> <p>Query:- Whether PNBHFL would have to comply with the requirements of regulation 26(6) of the Listing Regulations and seek prior approval of the board of directors and public shareholders of PNBHFL for receipt of ex gratia amounts by the senior management team of PNBHFL, given the facts that: There has been no dealing or transfer of shares of PNBHFL by DEL-Mauritius and DEL-India continues to hold the shares of PNBHFL; The ex gratia payment proposed to be made by DEL-Mauritius is in the form of a reward for the high return on investment on sale of its entire shareholding in DEL-India in 2005 when PNBHFL was an unlisted company; As on date, DEL-Mauritius does not, directly or indirectly, hold any investments in PNBHFL.</p> <p>Informal Guidance:-Reference is drawn to regulation 26 (6) of the Listing Regulations, which <i>inter alia</i> stipulated as under:</p> <p>"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, <u>with any shareholder or any other third party</u> 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</p>		

as well as public shareholders by way of an ordinary resolution".

As per Regulation 26(6) of the Listing Regulation, an agreement proposed to be entered into by any employee or director or promoter of a listed entity with any shareholder or any other third party would require prior approval from the board of directors as well as public shareholders when the same is with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity. As represented by you, DEL-Mauritius wishes to make the ex gratia payments to the senior management team of PNBHFL in respect of the returns made by DEL-Mauritius on its investment in PNBHFL through its erstwhile subsidiary DEL-India. The shares of DEL-India have been transferred to QIH by DEL-Mauritius in 2015 and there has been no direct dealing in the securities of PNBHFL either by DEL-Mauritius or by DEL-India. However; **since the principal assets of DEL-India were the shares of PNBHFL, there has been an indirect dealing in the shares of PNBHFL** while the shares of DEL-India were being transferred to QIH by DEL-Mauritius in 2015.

Further, it is noted that PNBHFL was an unlisted entity at the time of indirect transfer of its shares from DEL-Mauritius to QIH in 2015 and PNBHFL was listed only pursuant to its IPO on November 7, 2016. However, the proposal to make ex gratia amounts to the senior management team of PNBHFL is under consideration when PNBHFL is listed and regulation 26(6) of the Listing Regulations is effective. In the facts and circumstances as represented, the proposal made by DEL-Mauritius is covered under regulation 26 (6) of the Listing Regulations and therefore, PNBHFL would have to comply with the requirements of regulation 26 (6) for receipt of ex gratia amounts by the senior management team of PNBHFL

SEBI Informal Guidance

Hewlett Packard Enterprise Company (herein after referred to as "HPE") is a company incorporated under the laws of State of Delaware in the United States of America and whose shares are listed on the New York Stock Exchange. HPE through its wholly owned step down subsidiaries viz. EDS Asia Pacific Holdings, EDS World Corporation (Far East) LLC and EDS World Corporation (Netherlands) LLC (the "EDS entities"), was formerly the ultimate parent company of Mphasis Limited, a company listed on BSE and NSE. The EDS entities formerly held approximately 60.5% of the listed share capital of Mphasis Ltd. and were the promoters of Mphasis Ltd. On April 4, 2016, the EDS entities entered into an agreement with Marble II Pte Limited (herein after referred to as "Marble"), whereby the EDS Entities agreed to sell and Marble agreed to purchase the entire stake held by the EDS Entities in Mphasis Ltd. (the Exit). The Exit was completed on September 1, 2016, following which EDS Entities ceased to be promoters, and HPE ceased to be the ultimate parent company of Mphasis Ltd.

Prior to the completion of the Exit, HPE had issued incentive letters to certain employees of Mphasis Ltd. and certain employees of a number of wholly owned unlisted subsidiaries of Mphasis Ltd., most of which are foreign incorporated entities (herein after referred to as "eligible subsidiary employees") whereby **HPE**

agreed to make certain payments to the Eligible Mphasis Employees and eligible subsidiary employees upon the occurrences of specific events as mentioned below:

- i. Upon successful completion of the Exit (Exit Event);
- ii. Upon eligible employees remaining in the employment of Mphasis or its subsidiary, as applicable, for a period of either one year or two years after completion of the Exit ("Retention Event"); and/or
- iii. In the event that the employment of the eligible employees is terminated without cause before the expiry of two years after completion of the Exit ("Severance Event").

Accordingly, payments to eligible employees were completed by HPE following the completion of the Exit, in September 2016. Subsequent to the issuance of incentive letters, SEBI notified an amendment to LODR Regulations, pursuant to which Regulations 26(6) was introduced, effective from January 04, 2017. Mphasis Ltd. is in the process of obtaining the requisite approvals from its Board and shareholders for payments to be made pursuant to the incentive letters to eligible Mphasis Ltd. employees

Queries:- Whether the payment of amounts by **HPE** to the Eligible Subsidiary Employees pursuant to the Incentive Letters would fall within the scope of Regulation 26(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Informal Guidance:- Response: Employees of the subsidiary of the listed entity would fall under the scope of Regulation 26 (6) of **LODR** Regulations, 2015. Therefore, the payments of amount by HPE to eligible subsidiary employees would also fall within the scope of Regulation 26(6) of **LODR** Regulations

SEBI Informal Guidance

Accelya Kale Solutions Limited (AKSL) is a company duly incorporated under the provisions of the Companies Act, 1956 with its registered office at 685/ 2B & 2C, 1st Floor, Sharad Arcade, Satara Road, Pune, Maharashtra. The shares of AKSL are listed at NSE and BSE. AKSL is one of the subsidiaries in, and forms part of the multinational Accelya group, which has a presence in nine countries ("Group") and is engaged in providing financial and commercial solutions to airlines using decision support tools and data analytics. The Group has significant operations worldwide, with the largest part of its business conducted outside India and has over 200 airline customers around the world with more than 2000 professionals employed worldwide. 74.66% of AKSL is owned and controlled, by Accelya Holding World S.L.U. (a Spanish incorporated company), which in turn is owned and controlled by Accely Luxembourg S.A (a Luxembourg incorporated entity), which is wholly owned by the Group parent company Accel a Holding (Luxembourg) S.A. (a Luxembourg incorporated entity), which, in turn was ultimately owned, at the relevant time, by a private equity fund, Chequers Capital XV FPCI ("Chequers"). In 2007 and 2012, as part of a global programme, certain senior managers of the Group in various countries including some senior managers and employees of AKSL subscribed to and paid consideration for securities of two offshore Group companies (i.e. shares

and convertible preferred equity certificates ("CPECs") of Accelya Investment s.a.r.l and warrants of Accelya Luxembourg S.A. (formerly known as Accelya Holding (Luxembourg), S.A)). Accelya Investment S.a.r.l was specifically created so that the Global Senior Managers could invest in the securities of Accelya Luxembourg S.A. and was, subsequently, merged with Accelya Holding (Luxembourg) S.A on March 18, 2014. In addition to providing services to AKSL, the Indian Senior Managers are part of the Group's global management team, which is responsible for formulating the business plan, sales strategy and integration measures for the Group. In addition, one of the Indian Senior Managers, Mrs. Neela Bhattacharjee, the Managing Director of AKSL, is also part of the Group's global executive committee which, among other things, is responsible for formulating strategy for the Group. On March 3, 2014, the Global Senior Managers entered into certain sale agreements pursuant to which the Global Senior Managers agreed to sell the Securities held by them, to the Group parent company, i.e. Accelya Holding (Luxembourg) S.A. While the purchase price for the CPECs was paid in full, only the first tranche of the purchase price for the shares and warrants was paid to each Global Senior Manager on closing in 2014. The second tranche of the purchase price was paid to the Global Senior Managers in 2016. The third and final tranche of the purchase price (Deferred Consideration) was deferred to the occurrence of an 'Exit Event' (i.e. the date on which (i) Chequers exits the Group by way of a share/asset sale or an PO, or (ii) among other things, the Group makes a dividend distribution to Chequers), subject to the satisfaction of certain financing conditions and the Global Senior Manager still being employed by the Group at such time (except for leaving due to disability, death, retirement or dismissal without cause). The Deferred Consideration would be calculated based on the value of the relevant Security, which would be linked to the eventual sale price received for the Group at the time of such 'Exit Event'. On July 8, 2016, a letter on behalf of the Group was issued to Mrs. Bhattacharjee (in her capacity as a member of the Group's global executive committee) offering an additional amount of consideration, in relation to the Securities she had been holding, on the successful sale of the Group by Chequers ("Additional Deferred Consideration"). The letter mentioned that the amount of the Additional Deferred Consideration that may be paid to Mrs. Bhattacharjee would be calculated based on the eventual sale price received for the Group at the time of the 'Exit Event'. Similar letters were also issued to other non-Indian members of the Group's global executive committee.

In 2017, Chequers entered into an agreement with an international purchaser, agreeing to sell 100% of the holding company of the Group, an offshore company, to such international purchaser, triggering an 'Exit Event' under the Sale Agreements and consequently, crystallizing the obligation of: (i) Accelya Holding (Luxembourg) S.A to pay the Deferred Consideration to the Indian Senior Managers; and (ii) the Group to pay the Additional Deferred Consideration to Mrs. Bhattacharjee.

Regulation 26(6) of the Listing Regulations, which was introduced on January 4, 2017, states that:

"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.

The Deferred Consideration and Additional Deferred Consideration (while labeled as "earn-out" in the Sale Agreements as a matter of nomenclature) are, in essence, deferment of a part of the consideration to a future date. The Securities issued to Global Senior Managers, including to the Indian Senior Managers in 2012, were bought by Accelya Holding (Luxembourg) S.A. in 2014 and first two tranches of the consideration were paid in 2014 and 2016 (before Regulation 26(6) was introduced in January 2017) with only the final tranche remaining. The payment of the Deferred Consideration and Additional Deferred Consideration was agreed to before Regulation 26(6) was introduced and is merely the last tranche of the consideration payable to the Global Senior Managers, including the Indian Senior Managers, for the sale of offshore Securities which were purchased in 2012. The payments due to the Global Senior Managers was not linked to their performance in the relevant employer company (i.e. AKSL) but to the eventual sale price received on sale of the Group and would not be paid to the Global Senior Managers unless the specified contingencies are not satisfied. Accordingly, the payment of Deferred Consideration and Additional Deferred Consideration cannot be treated as 'compensation' or 'profit sharing' within the meaning of Regulation 26(6). Moreover, securities of AKSL were not issued to the Indian Senior Managers nor is the payment of the Deferred Consideration or Additional Deferred Consideration in connection with dealings in the securities of AKSL. Accordingly, Regulation 26(6) of the Listing Regulations has no application in the current context, since there are no dealings in the securities of an Indian listed company (i.e. AKSL)

The arrangement is not linked to the value of the securities of an Indian listed company. The Indian Senior Managers subscribed to the Securities of two offshore

Group companies in 2012 in their capacity as members of the Group's global management team, along with other Global Senior Managers. Further, the Additional Deferred Consideration was offered to Mrs. Bhattacharjee in her capacity as a member of the Group's global executive committee.

The larger part of the Group's business is offshore. Accordingly, it is natural for the Group to want to include the Indian Senior Managers (who are part of the global management team) in its global programme, on the basis of the performance of the entire Group. In fact, in the event that AKSL out-performed its individual targets but the Group, as a whole, under-performed, the calculation of Deferred Consideration and Additional Deferred Consideration would not be more beneficial for the Indian Senior Managers when compared to the deferred consideration payable to the remaining Global Senior Managers. The arrangements will not lead to any unfair practices with respect to the running of AKSL since no payments are being made by AKSL to the Indian Senior Managers. On the other hand, if the Indian Senior Managers are prevented from receiving the Deferred Consideration and, in the case of Mrs. Bhattacharjee, also the Additional Deferred

Consideration, this would be unfair and discriminatory towards such persons since the deferred consideration payable to the non-Indian Global Senior Managers would still be paid. The arrangements do not relate to compensation/ profit sharing with respect to the securities of an Indian listed entity but that of offshore Group companies, which does not fall within the scope of Regulation 26(6) of the Listing Regulations.

Query 1: whether the payment of the Deferred Consideration to the Indian Senior Managers would fall within the scope of Regulation 26(6) of the Listing Regulations; and

Query 2: whether the payment of the Additional Deferred Consideration to Mrs. Bhattacharjee would fall within the scope of Regulation 26(6) of the Listing Regulations.

Informal Guidance:- Regulation 26 (6) pertains to restrictions on employees including key managerial personnel or director or promoter of a listed entity entering into agreements for himself or any 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.

Response 1: The 'deferred consideration' in the application pertains to the third and final tranche of the purchase price of those securities which are not of the listed entity in India. Thus the provisions of regulation 26(6) may not be attracted in the instant case.

Response 2: The 'additional deferred consideration' in the application pertains to the third and final tranche of the purchase price of those securities which are not that of the listed entity in India. Thus, the provisions of regulation 26(6) may not be attracted in this case

OTHER CORPORATE GOVERNANCE REQUIREMENT

27(1)	The listed entity may, at its discretion , comply with requirements as specified in Part E of Schedule II.	Check if the company is complying with Part E of Schedule II
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PART E: DISCRETIONARY REQUIREMENTS

[See Regulation 27(1)]

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.

E. Reporting of internal auditor		
The internal auditor may report directly to the audit committee.		
27(2)	<p>(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.</p> <p>(b) Details of all material transactions with related parties shall be disclosed along with the report mentioned in clause (a) of sub-regulation (2).</p> <p>(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.</p>	<p>1. Check Stock Exchange website to ensure that Quarterly Corporate Governance (along with MATERIAL RPT details) Report has been filed within 15 days from the end of quarter.</p> <p>2. Check if the CG Report is signed by the Compliance Officer or the CEO</p>
CIRCULAR		
SEBI/HO/CFD/CMD1/CIR/P/2019/78 July 16, 2019		
Sub: Modification of circular dated September 24, 2015 on 'Format for compliance report on Corporate Governance to be submitted to Stock Exchange (s) by Listed Entities'		
<p>1. Regulation 27(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), specifies that the listed entity shall submit quarterly compliance report on corporate governance in the format specified by the Board from time to time to recognised Stock Exchange(s) within fifteen days from close of the quarter.</p> <p>2. Vide Circular No. CIR/CFD/CMD/5/2015 dated September 24, 2015, SEBI had specified the format for compliance report on Corporate Governance by listed entities.</p> <p>3. The Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak made several recommendations. Most amendments necessary to implement these recommendations have been made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide notification dated May 9, 2018. Some of these amendments necessitate changes to the format of the quarterly compliance report.</p> <p>4. The formats for Compliance Report on Corporate Governance as per Annexure I, II and III to this circular are being prescribed:-</p> <p>2.1. Annexure - I - on quarterly basis;</p> <p>2.2. Annexure - II - at the end of the financial year (for the whole of financial year);</p> <p>2.3. Annexure - III - within six months from end of financial year. This may be submitted along with second quarter report.</p> <p>5. Accordingly, the Circular No. CIR/CFD/CMD/ 5 /2015 dated September 24, 2015 shall stand</p>		

modified only to the extent to the format for compliance report on Corporate Governance. The format specified in the Annexure to this circular shall replace the format specified in the Annexure to the circular dated September 24, 2015.

6. In view of the revised timelines under the amended regulations, the circular shall come into force with effect from the quarter ended September 30, 2019.

7. The Stock Exchanges are advised to bring the provisions of this Circular to the notice of listed entities and also to disseminate the same on its website.

8.

This Circular is issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 27(2) and Regulation 101(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ANNEXURE I

Format to be submitted by listed entity on quarterly basis

1. Name of Listed Entity

2. Quarter ending

I. Composition of Board of Directors												
Title (Mr. / Ms)	Name of the Director	PAN & DIN	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 17(1))	No of Independent Directorship in listed entities including this listed entity [in reference to provision 17A(1)]	Number of members in Audit/ Stakeholder Committee(s) including this listed entity	No of positions in Audit Stakeholder Committee held in listed entities including this listed entity

)J	of Listin g Regu latio ns	
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Whether Regular chairperson appointed
 Whether Chairperson is related to managing director or CEO
\$PAN 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 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)	Date of Appointment	Date of Cessation
1. Audit Committee					
2. Nomination & Remuneration Committee					
3. Risk Management Committee(if applicable)					
4. Stakeholders Relationship Committee'					

&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

III. Meeting of Board of Directors

Date(s) of Meeting (if any) in the previous quarter	Date(s) of Meeting (if any) in the relevant quarter	Whether requirement of 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*

IV. Meetings of Committees

Date(s) of meeting of the	Whether requirement	Number of Directors	Number of independent	Date(s) of meeting of the	Maximum gap between any
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<i>committee in the relevant quarter</i>	<i>of Quorum met (details)*</i>	<i>present*</i>	<i>directors present*</i>	<i>committee in the previous quarter</i>	<i>two consecutive meetings in number of days*</i>
		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 the current quarter meetings*

V. Related Party Transactions

Subject	Compliance status (Yes/No/NA) <i>refer note below</i>
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 the 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.

VI. Affirmations

1. The composition of Board of Directors is in terms of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.
2. The composition of the following committees is in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - a. Audit Committee
 - b. Nomination & Remuneration Committee
 - c. Stakeholders Relationship Committee
 - d. Risk management committee (applicable to the top 100 listed entities)
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.
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.
5. This report and/or the report submitted in the previous quarter has been placed before Board of Directors. Any comments/observations/advice of the board of directors may be mentioned here.

Name & Designation**Company Secretary / Compliance Officer / Managing Director / CEO / CFO****Note:**

Information at Table I and II above need to be necessarily given in 1st quarter of each financial year. However if there is no change of information in subsequent quarter(s) of that financial year, this information may not be given by Listed entity and instead a statement "same as previous quarter" may be given.

ANNEXURE II

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

I. Disclosure on website in terms of Listing Regulations

<i>Item</i>	<i>Compliance status (Yes/No/NA)</i> refer note below	<i>If Yes provide link to website. If No / NA provide reasons</i>
As per regulation 46(2) of the LODR:		
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		
As per other regulations of the LODR:		
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.

II Annual Affirmations		
Particulars	Regulation Number	Compliance status (Yes/No/NA) refer note below
<i>Independent director(s) have been appointed in terms of specified criteria of 'independence' and / or 'eligibility'</i>	16(1)(b) & 25(6)	
<i>Board composition</i>	17(1), 17(1A) & 17(1B)	
<i>Meeting of board of directors</i>	17(2)	
<i>Quorum of board meeting</i>	17(2A)	
<i>Review of Compliance Reports</i>	17(3)	
<i>Plans for orderly succession for appointments</i>	17(4)	
<i>Code of Conduct</i>	17(5)	
<i>Fees/compensation</i>	17(6)	
<i>Minimum Information</i>	17(7)	
<i>Compliance Certificate</i>	17(8)	
<i>Risk Assessment & Management</i>	17(9)	
<i>Performance Evaluation of Independent Directors</i>	17(10)	
<i>Recommendation of board</i>	17(11)	
<i>Maximum number of directorship</i>	17A	
<i>Composition of Audit Committee</i>	18(1)	
<i>Meeting of Audit Committee</i>	18(2)	
<i>Composition of Nomination & Remuneration Committee</i>	19(1) & (2)	
<i>Quorum of Nomination and Remuneration Committee meeting</i>	19(2A)	
<i>Meeting of Nomination & Remuneration Committee</i>	19(3A)	
<i>Composition of Stakeholder Relationship Committee</i>	20(1), 20(2) and 20(2A)	

<i>Meeting of Stakeholder Relationship Committee</i>	20 (3A)	
<i>Composition and role of Risk Management Committee</i>	21(1),(2),(3),(4)	
<i>Meeting of Risk Management Committee</i>	21(3A)	
<i>Vigil Mechanism</i>	22	
<i>Policy for related party Transaction</i>	23(1),(1A),(5),(6),(7) & (8)	
<i>Prior or Omnibus approval of Audit Committee for all related party transactions</i>	23(2), (3)	
<i>Approval for material related party transactions</i>	23(4)	
<i>Disclosure of related party transactions on consolidated basis</i>	23(9)	
<i>Composition of Board of Directors of unlisted material Subsidiary</i>	24(1)	
<i>Other Corporate Governance requirements with respect to subsidiary of listed entity</i>	24(2),(3),(4),(5) & (6)	
<i>Annual Secretarial Compliance Report</i>	24(A)	
<i>Alternate Director to Independent Director</i>	25(1)	
<i>Maximum Tenure</i>	25(2)	
<i>Meeting of independent directors</i>	25(3) & (4)	
<i>Familiarization of independent directors</i>	25(7)	
<i>Declaration from Independent Director</i>	25(8) & (9)	
<i>Directors and Officers insurance</i>	25(10)	
<i>Memberships in Committees</i>	26(1)	
<i>Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel</i>	26(3)	
<i>Disclosure of Shareholding by Non-Executive Directors</i>	26(4)	
<i>Policy with respect to Obligations of directors and senior management</i>	26(2) & 26(5)	
<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. 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.</p>		
<p>III Affirmations: The Listed Entity has approved the Material Subsidiary Policy and the Corporate Governance requirements with respect to the subsidiary of Listed Entity have been complied.</p>		
<p>Name & Designation</p>		
<p>Company Secretary / Compliance Officer / Managing Director / CEO / CFO</p>		

ANNEXURE 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

I Affirmations		
Broad heading	Regulation Number	Compliance status (Yes/No) note below
<i>Copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report, business responsibility report displayed on website</i>	46(2)	
<i>Presence of Chairperson of Audit Committee at the Annual General Meeting</i>	18(1)(d)	
<i>Presence of Chairperson of the nomination and remuneration committee at the annual general meeting</i>	19(3)	
<i>Whether "Corporate Governance Report" disclosed in Annual Report</i>	34(3) read with para C of Schedule V	

Note

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

Name & Designation

Company Secretary / Compliance Officer / Managing Director / CEO

IN PRINCIPLE APPROVAL OF RECOGNIZED STOCK EXCHANGE(S)

28(1)	<p>The listed entity, <u>before issuing securities</u>, shall obtain an 'in-principle' approval from recognised stock exchange(s) in the following manner:</p> <p>(a) where the securities are listed only on recognised stock exchange(s) having nationwide trading terminals, from all such stock exchange(s);</p>	<ol style="list-style-type: none"> 1. Check whether company has issued securities during the financial year 2. If yes, check whether company has received the applicable in-principle approval from all stock exchange 3. Check the application form submitted to the stock exchange for obtaining the in-principle approval.
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	<p>(b) where the securities are not listed on any recognised stock exchange having nationwide trading terminals, <u>from all the stock exchange(s) in which the securities of the issuer are proposed to be listed;</u></p> <p>(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:</p>	<p>4. In case of securities issued pursuant to merger, check whether company has obtained NOC in accordance with Regulation 37</p>
28(b)	<p>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.</p>	
<p>Comments:- This regulation puts obligation upon Issuer to obtained prior In-principle approval before issuance of any securities. Here Securities means 'equity shares' and 'convertible securities' as defined under clause (zj) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.</p>		
<p>PRIOR INTIMATIONS</p>		
29(1)	<p>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:</p> <p>(a) financial results viz. quarterly, half yearly, or annual, as the case may be;</p> <p>(b) proposal for buyback of securities;</p> <p>(c) proposal for voluntary delisting by the listed entity from the stock exchange(s);</p> <p>(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:</p> <p>Provided that intimation shall also be given in</p>	<p>Check from the Stock Exchange website, whether company has given prior advance {as specified in Regulation 29(2)} intimation to stock exchange about the meeting of the board directors held for considering the events mentioned in Regulation 29(1)</p>

	<p>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.</p> <p>(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.</p> <p>(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:</p>	
29(2)	<p>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:</p> <p>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.</p>	
29(3)	<p>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 -</p> <p>(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.</p> <p>(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.</p>	<p>Check whether company has given at least 11 days advance intimation to stock exchange about the meeting of the board directors held for considering the events mentioned in Regulation 29(3)</p>
<p>Comments:- This listed entity is under obligation to give prior intimation about certain corporate events such as approval of financial results, buy back, dividend declaration, fund raising. The primary objective is to intimate to the Investor well in advance so that he can take an informed decision.</p>		

DISCLOSURE OF EVENTS OR INFORMATION	
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 .
30(2)	Events specified in <u>Para A</u> of Part A of Schedule III are deemed to be material events
30(3)	The listed entity shall make disclosure of events specified in <u>Para B</u> of Part A of Schedule III, based on application of the guidelines for materiality , as specified in sub-regulation (4).
30(4)(i)	(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.
30(4)(i)	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.
30(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.
30(6)	The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part

- Check –
1. Board minutes if the board has adopted the policy for determination of materiality.
 2. Whether the Policy is based on criteria specified in this regulation
 3. If any of the event that is mentioned in Part A of schedule III has happened in the company.
 4. If yes, then, check if the disclosure is not made after 24 hrs of occurrence of event or information, except those specified in sub para 4 of Para A of Part A of schedule III, as they need to be disclosed within 30 minutes of the conclusion of the BM.
 5. If any event that is not indicated in Part A or B of Schedule III, but meets out the criteria of materiality as specified in sub reg 4, then that needs to be disclosed within 24hrs of the occurrence of the event.
 6. Details of KMP designated to determine materiality. Also ensure that his contact details are disclosed to the Stock exchange
 7. whether the disclosures made to the stock exchange in this regulation are posted in the company's Website and remain there for a minimum period of 5 years.
 8. Board minutes of the material subsidiary for all the relevant information related to material subsidiary are also to be disclosed in the same manner.
 9. If the Company has adopted a policy for determination of

	<p>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:</p> <p>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:</p> <p>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.</p>	materiality.	
30(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.		
30(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.		
30(9)	The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.		
30(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.		
30(11)	The listed entity may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).		
30(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.		
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Comments:- This regulation puts obligation upon listed entity to disclose material events or information. The primary objective of this regulation is to empower investor for taking an informed decision. The events specified in Para A of Part A of Schedule III are needs to be disclosed without application of materiality test. This regulation also direct listed entity to frame a policy for determination of materiality. The listed should decide materiality of any event on the basis of this policy and accordingly disclose to the stock exchange. It's the responsibility of the listed entity to decide whether any event is material or not. No listed entity can escape by taking the plea that the subjected event is not specified in Schedule III. 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.

SCHEDULE III

PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES

[See Regulation 30]

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):

A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Explanation.- For the purpose of this sub-para, the word 'acquisition' shall mean,-

- (i) acquiring control, whether directly or indirectly; or,
- (ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -
 - (a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.

3. Revision in Rating(s).

4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:

- 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).

5. 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, revision(s) or amendment(s) and termination(s) thereof.

6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.

117[(7A) 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.

(7B) Resignation of auditor including reasons for resignation: In case of resignation of an independent director of the listed entity, 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 is no other material reason 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.]

8. Appointment or discontinuation of share transfer agent.

9. Corporate debt restructuring.

10. One time settlement with a bank.

11. Reference to BIFR and winding-up petition filed by any party / creditors.

12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.

13. Proceedings of Annual and extraordinary general meetings of the listed entity.

14. Amendments to memorandum and articles of association of listed entity, in brief.

15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:

- 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;
- m) Approval of resolution plan by the Tribunal or rejection, if applicable;
- k) Salient features, not involving commercial secrets, of the resolution plan approved by the Tribunal, in such form as may be specified;
- l) Any other material information not involving commercial secrets.]118

B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. 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) thereof.
6. 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.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals.

C. Any other information/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. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.

D. Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

CIRCULAR

CIR/CFD/CMD1/114/2019

October 18, 2019

Sub: Resignation of statutory auditors from listed entities and their material subsidiaries

1. Listed companies are required to make timely disclosures to investors in the securities market for enabling them to take informed investment decisions.
2. Under Sub-clause(2)of Clause A in Part C of Schedule II under Regulation 18(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"), the Audit Committee of a listed entity, *inter alia*, has to make recommendations for the appointment, remunerationandtermsofappointmentofauditorsofalistedentity.Under Sub-clause (7), the Audit Committee is also responsible for reviewing and monitoring the independence and performance of auditors and the effectiveness of the audit process.
3. Further, Sub-clause (7A) inserted under Clause A in Part A of Schedule III under Regulation 30(2) of SEBI LODR Regulations requires **detailed reasons to be disclosed by the listed entities to the stock exchanges in case of resignation of the auditor of a listed entity as soon as possible but not later than twenty-four hours of receipt** of such reasons from the auditor.
4. Regulation 36(5) of the SEBI LODR Regulations lays down certain disclosures to be made part of the notice to the shareholders for an AGM, where the statutory auditors are proposed to be appointed/re-appointed, including their terms of appointment.
5. Resignation of an auditor of a listed entity / its material subsidiary before completion of the audit of the financial results for the year due to reasons such as pre-occupation may seriously hamper investor confidence and deny them access to reliable information for taking timely investment decisions.
6. In light of the above, the conditions to be complied with upon resignation of the statutory auditor of a listed entity/material subsidiary w.r.t.limited review/ audit report as per SEBI LODR Regulations, are as under:

A. All listed entities/material subsidiaries shall ensure compliance with the following conditions while appointing/re-appointing an auditor:

- (i) If the auditor resigns within 45 days from the end of a quarter of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for such quarter.
- (ii) If the auditor resigns after 45 days from the end of a quarter of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for such quarter as well as the next quarter.
- (iii) Notwithstanding the above, if the auditor has signed the limited review/audit report for the first three quarters of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.

B. Other conditions relating to resignation shall include:

- (i) **Reporting of concerns with respect to the listed entity/its material subsidiary to the Audit Committee:**
 - a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non-cooperation by the management which may hamper

the audit process, the auditor shall approach the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.

- b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents shall be brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the company, the auditor shall inform the Audit Committee of the details of information / explanation sought and not provided by the management, as applicable.
- c. On receipt of such information from the auditor relating to the proposal to resign as mentioned above, the Audit Committee / board of directors, as the case may be, shall deliberate on the matter and communicate its views to the management and the auditor.

(ii) Disclaimer in case of non-receipt of information:

In case the listed entity/ its material subsidiary does not provide information required by the auditor, to that extent, the auditor shall provide an appropriate disclaimer in the audit report, which may be in accordance with the Standards of Auditing as specified by ICAI / NFRA.

The listed entity/ material subsidiary shall ensure that the conditions as mentioned in 6(A) and 6(B) above are included in the terms of appointment of the statutory auditor at the time of appointing/re- appointing the auditor. In case the auditor has already been appointed, the terms of appointment shall be suitably modified to give effect to 6(A) and 6(B) above.

The practicing company secretary shall certify compliance by a listed entity with 6(A) and 6(B) above in the annual secretarial compliance report issued in terms of SEBI Circular no. CIR/CFD/CMD1/27/2019 dated February 08, 2019.

C. Obligations of the listed entity and its material subsidiary:

(i) Format of information to be obtained from the statutory auditor upon resignation:

Upon resignation, the listed entity/its material subsidiary shall obtain information from the Auditor in the format as specified in **Annexure A** to this Circular. The listed entity shall ensure disclosure of the same under Sub-clause (7A) of Clause A in Part A of Schedule III under Regulation 30(2) of SEBI LODR Regulations.

(ii) Co-operation by listed entity and its material subsidiary:

During the period from when the auditor proposes to resign till the auditor submits the report for such quarter / financial year as specified above, the listed entity and its material subsidiaries shall continue to provide all such documents/information as may be necessary for the audit / limited review.

(iii) Disclosure of Audit Committee's views to the Stock Exchanges:

Upon resignation of the auditor, the Audit Committee shall deliberate upon all the concerns raised by the auditor with respect to its resignation as soon as possible, but not later than the date of the next Audit Committee meeting and communicate its views to the management. The listed entity shall ensure the disclosure of the Audit Committee's views to the stock exchanges as soon as possible but not later than twenty-four hours after the date of such Audit Committee meeting.

7. In case an entity is not mandated to have an Audit Committee, then the board of directors of the entity shall ensure compliance of this circular.
8. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all

listed entities and their material subsidiaries and also disseminate it on their websites.

9. This Circular shall come into force with immediate effect.
10. In case the auditor is rendered disqualified due to operation of any condition mentioned in Section 141 of the Companies Act, 2013, then the provisions of this Circular shall not apply.

Annexure A

Format of information to be obtained from the statutory auditor upon resignation

1. Name of the listed entity/ material subsidiary:
2. Details of the statutory auditor:
 - a. Name:
 - b. Address:
 - c. Phone number:
 - d. Email:
3. Details of association with the listed entity/ material subsidiary:
 - a. Date on which the statutory auditor was appointed:
 - b. Date on which the term of the statutory auditor was scheduled to expire:
 - c. Prior to resignation, the latest audit report/limited review report submitted by the auditor and date of its submission.
4. Detailed reasons for resignation:
5. In case of any concerns, efforts made by the auditor prior to resignation (including approaching the Audit Committee/Board of Directors along with the date of communication made to the Audit Committee/Board of Directors)
6. In case the information requested by the auditor was not provided, then following shall be disclosed:
 - a. *Whether the inability to obtain sufficient appropriate audit evidence was due to a management-imposed limitation or circumstances beyond the control of the management.*
 - b. *Whether the lack of information would have significant impact on the financial statements/results.*
 - c. *Whether the auditor has performed alternative procedures to obtain appropriate evidence for the purposes of audit/limited review as laid down in SA 705(Revised)*
 - d. *Whether the lack of information was prevalent in the previous reported financial statements/results. If yes, on what basis the previous audit/limited review reports were issued.*
7. Any other facts relevant to the resignation:

Declaration

1. *I/ We hereby confirm that the information given in this letter and its attachments is correct and complete.*
2. *I/ We hereby confirm that there is no other material reason other than those provided above for my resignation/ resignation of my firm.*

Signature of the authorized signatory

Date:

Place:

Encl:

CIRCULAR

SEBI/HO/CFD/CMD1/CIR/P/2019/140

November 21, 2019

Sub: Disclosures by listed entities of defaults on payment of interest/ repayment of principal amount on loans from banks / financial institutions and unlisted debt securities

1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") currently require disclosure of material events / information by listed entities to stock exchanges. Specific disclosures are required under the SEBI LODR Regulations in certain matters such as delay / default in payment of interest / principal on debt securities such as Non-Convertible Debt (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS) etc. It has been observed that similar disclosures are generally not made by listed entities with respect to loans from banks and financial institutions.

2. Corporate in India are even today primarily reliant on loans from the banking sector. Many banks and financial institutions are presently under considerable stress on account of large loans to the corporate sector turning into stressed assets / Non-performing Assets (NPAs). Some companies have also been taken up for initiation of insolvency and bankruptcy proceedings.

3. In order to address this critical gap in the availability of information to investors, listed entities shall comply with the requirements of this circular.

A. Applicability:

i. The circular shall be applicable to all listed entities which have listed any of the following: specified securities (equity and convertible securities), NCDs and NCRPS.

ii. The disclosures shall be made to the stock exchanges when the entity has defaulted in payment of interest / installment obligations on loans, including revolving facilities like cash credit, from banks / financial institutions and unlisted debt securities.

iii. 'Default' for the purpose of this circular shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable ('pre-agreed payment date'). Provided that for revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than 30 days.

B. Timing of disclosures:

i. To begin with, listed entities shall make disclosure of any default on loans, including revolving facilities like cash credit, from banks / financial institutions which continues beyond 30 days. Such disclosure shall be made promptly, but not later than 24 hours from the 30th day of such default.

ii. In case of unlisted debt securities i.e. NCDs and NCRPS, the disclosure shall be made promptly but not later than 24 hours from the occurrence of the default. This is in line with the existing disclosure requirements specified for listed debt instruments. Disclosures shall be made in the format(s) specified in Paras 3 (C1) and (C2) below.

C. Disclosure formats:

C1. The following details shall be disclosed by listed entities for each instance of default, as specified in Para 3 (B) above:

a. For loans including revolving facilities like cash credit from banks / financial institutions

Sl No	Type of disclosure	Details
1.	Name of the Listed entity	
2.	Date of making the disclosure	
3.	Nature of obligation	
4.	Name of the Lender(s)	
5.	Date of default	

6.	Current default amount (break-up of principal and interest in INR crore)	
7.	Details of the obligation (total principal amount in INR crore, tenure, interest rate, secured / unsecured etc.)	
8.	Total amount of outstanding borrowings from Banks / financial institutions (in INR crore)	
9.	Total financial indebtedness of the listed entity including short-term and long-term debt (in INR crore)	

b. For unlisted debt securities i.e. NCDs and NCRPS:

Sl No	Type of disclosure	Details
1.	Name of the Listed entity	
2.	Date of making the disclosure	
3.	Type of instrument with ISIN	
4.	Number of investors in the security as on date of default	
5.	Date of default	
6.	Current default amount (break-up of principal and interest in INR crore)	
7.	Details of the obligation (amount issued, tenure, coupon, secured/unsecured, redemption date etc.)	
8.	Total amount issued through debt securities (in INR crore)	
9.	Total financial indebtedness of the listed entity including short-term and long-term debt (in INR crore)	

C2. Disclosures specified in the table below shall be made by listed entities, if on the last date of any quarter: a. Any loan including revolving facilities like cash credit from banks / financial institutions where the default continues beyond 30 days or b. There is any outstanding debt security under default.

Sl No	Particulars	in INR crore
1.	Loans / revolving facilities like cash credit from banks / financial institutions	
2.	Total amount outstanding as on date	
3.	Of the total amount outstanding, amount of default as on date	
4.	Unlisted debt securities i.e. NCDs and NCRPS	
5.	Total amount outstanding as on date	
6.	Of the total amount outstanding, amount of default as on date	
7.	Total financial indebtedness of the listed entity including short-term and long-term debt	

The above disclosure shall be made within 7 days from the end of each quarter.

4. As far as disclosures pertaining to default of listed NCDs / listed NCRPS / listed Commercial paper are concerned, the same would continue to be made as per the present provisions of the SEBI Regulations and Circulars issued thereunder.

5. Disclosures as applicable in terms of this circular, including quarterly disclosure, shall be made beginning January 01, 2020 in the format specified in Paras 3 (C1) and 3 (C2) above.

6. **SEBI circular no. CIR/CFD/CMD/93/2017 dated August 4, 2017 is rescinded.**

CIRCULAR

CIR/CFD/CMD/4/2015

September 09, 2015

Sub: Continuous Disclosure Requirements for Listed Entities - Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. In order to enable investors to make well-informed investment decisions, timely, adequate and accurate disclosure of information on an ongoing basis is essential. Also, there is a need of uniformity in disclosures made by listed entities to ensure compliance in letter and spirit. Towards this end, **Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") deals with disclosure of material events by the listed entity whose equity and convertibles securities are listed.** Such entity is required to make disclosure of events specified under Part A of Schedule III of the Listing Regulations.

2. The Listing Regulations divide the events that need to be disclosed broadly in two categories. The events that have to be necessarily disclosed without applying any test of materiality are indicated in Para A of Part A of Schedule III of the Listing Regulation. Para B of Part A of Schedule III indicates the events that should be disclosed by the listed entity, if considered material.

Annexure-I of this circular indicates the details that need to be provided while disclosing events given in Para A and Para B of Schedule III. The guidance on when an event / information can be said to have occurred is placed at Annexure II.

The said details as mentioned above are given to provide guidance to listed entity and the entity has the responsibility to make disclosures that are appropriate and would be consistent with the facts of each event. In case the listed entity does not disclose any such specified details, it shall state appropriate reasoning for the same as part of the disclosure.

3. In case of securities or the derivatives which are listed outside India by the listed entity, parity in disclosures shall be followed and **whatever is disclosed on overseas stock exchange(s) by the listed entity shall be simultaneously disclosed on the stock exchange(s) where the entity is listed in India.**

4. This circular shall come into force 90 days from September 02, 2015 i.e. date of notification of Listing Regulations.

5. This circular is issued under regulations 30 read with regulation 101(2) of Listing Regulations.

6. The Stock Exchanges are advised to bring the contents of this circular to the notice of their listed entities and ensure its compliance.

7. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework/Circulars/Continuous Disclosure Requirements".

Annexure I

A. Details which a listed entity needs to disclose for the events that are deemed to be material as specified in Para A of Part A of Schedule III of Listing Regulations

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring:

1.1. Acquisition (including agreement to acquire):

- a) name of the target entity, details in brief such as size, turnover etc.;
 - b) 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 "arms length";
 - c) industry to which the entity being acquired belongs;
 - d) 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);
 - e) brief details of any governmental or regulatory approvals required for the acquisition;
 - f) indicative time period for completion of the acquisition;
 - g) nature of consideration - whether cash consideration or share swap and details of the same;
 - h) cost of acquisition or the price at which the shares are acquired;
 - i) percentage of shareholding / control acquired and / or number of shares acquired;
 - j) 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);
- [Explanation: For the purpose of the above disclosures the term 'acquisition' shall have the same meaning as defined in explanation of sub-para (1) of Para (A) of Part (A) of Schedule III of Listing Regulations].

1.2. Amalgamation/ Merger:

- a) name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
- b) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- c) area of business of the entity(ies);
- d) rationale for amalgamation/ merger;
- e) in case of cash consideration – amount or otherwise share exchange ratio;
- f) brief details of change in shareholding pattern (if any)of listed entity.

1.3. De-merger:

- a) brief details of the division(s) to be demerged;
- b) 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;
- c) rationale for demerger;
- d) brief details of change in shareholding pattern (if any)of all entities;
- e) in case of cash consideration – amount or otherwise share exchange ratio;
- f) whether listing would be sought for the resulting entity.

1.4. Sale or disposal of unit(s) or division(s) or subsidiary of the listed entity:

- a) 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;
- b) date on which the agreement for sale has been entered into;

- c) the expected date of completion of sale/disposal;
 - d) consideration received from such sale/disposal;
 - e) brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof;
 - f) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
 - g) 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.

1.5. Other Restructuring:

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

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.

2.1. Issuance of securities:

- a) type of securities proposed to be issued (viz. equity shares, convertibles etc.);
- b) type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc.);
- c) total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
- d) 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;
- e) 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;
- f) 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);
- g) 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;
- h) any cancellation or termination of proposal for issuance of securities including reasons thereof
- 2.2. Split/consolidation of shares:**
- a) split/consolidation ratio;
 - b) rationale behind the split/consolidation;
 - c) pre and post share capital – authorized, paid-up and subscribed;
 - d) expected time of completion;
 - e) class of shares which are consolidated or subdivided;
 - f) number of shares of each class pre and post split or consolidation;
 - g) number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.
- 2.3. Buy back of securities:**
- a) number of securities proposed for buyback;
 - b) number of securities proposed for buyback as a percentage of existing paid up capital;
 - c) buyback price;
 - d) actual securities in number and percentage of existing paid up capital bought back;

e) pre & post shareholding pattern.

2.4. Any restriction on transferability of securities:

- a) authority issuing attachment or prohibitory orders;
- b) brief details and reasons for attachment or prohibitory orders;
- c) name of registered holders against whom restriction on transferability has been placed;
- d) total number of securities so affected;
- e) distinctive numbers of such securities if applicable;
- f) period for which order would be applicable (if stated).

2.5. Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to:

- a) forfeiture of shares;
- b) 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;
- c) proposal to issue any class of securities;
- d) alterations of capital, including calls;
- e) change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the listed entity.

3. Revision in Rating(s)

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 listed entity shall also intimate the reasons provided by the rating agency for such downward revision.

4. Outcome of meetings of the board of directors: The listed entity shall intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide the following:

- 4.1. 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;
- 4.2. any cancellation of dividend with reasons thereof;
- 4.3. the decision on buyback of securities;
- 4.4. the decision with respect to fund raising proposed to be undertaken;
- 4.5. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would be credited/dispatched;
- 4.6. 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;
- 4.7. short particulars of any other alterations of capital, including calls;
- 4.8. financial results;
- 4.9. decision on voluntary delisting by the listed entity from stock exchange(s);

The intimation of outcome of meeting of the board of directors shall also contain the time **of commencement and conclusion of the meeting**.

5. 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, revision(s) or amendment(s) and termination(s) thereof:

- 5.1. name(s) of parties with whom the agreement is entered;
- 5.2. purpose of entering into the agreement;
- 5.3. shareholding, if any, in the entity with whom the agreement is executed;
- 5.4. 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.;
- 5.5. whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- 5.6. whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- 5.7. in case of issuance of shares to the parties, details of issue price, class of shares issued;
- 5.8. 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;
- 5.9. 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.

6. Fraud/ Defaults by promoter or key managerial personnel or by the listed entity or arrest of key managerial personnel or promoter:

6.1. 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.

6.2. 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.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer:

- 7.1. reason for change viz. appointment, resignation, removal, death or otherwise;
- 7.2. date of appointment/cessation (as applicable) & term of appointment;
- 7.3. brief profile (in case of appointment);
- 7.4. disclosure of relationships between directors (in case of appointment of a director).

8. Appointment or discontinuation of share transfer agent:

- 8.1. reason for appointment or discontinuation;
- 8.2. date on which above would become effective.

9. Corporate debt restructuring (“CDR”):

- 9.1. whether CDR is voluntary and reasons for opting or referred by lenders/creditors;
- 9.2. details of the loan to be subjected to restructuring under CDR;
- 9.3. brief details of the CDR proposal (if any);
- 9.4. 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.

10. One time settlement (OTS) with a Bank:

- 10.1. reasons for opting for OTS;
- 10.2. brief summary of the OTS.

11. Reference to BIFR and winding-up petition filed by any party / creditors:

- 11.1. reasons for such a reference/petition;
- 11.2. impact of such reference/petition on listed entity.

12. Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity and the following:

- 12.1. date of notice/call letters/resolutions etc.;
- 12.2. brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.

13. Proceedings of annual and extraordinary general meetings of the listed entity and the following details in brief:

- 13.1. date of the meeting;
- 13.2. brief details of items deliberated and results thereof;
- 13.3. manner of approval proposed for certain items (e-voting etc.).

14. Amendments to memorandum and articles of association of listed entity, in brief.

15. Schedule of analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors.

B. Details which a listed entity need to disclose for events on which the listed entity may apply materiality in terms of Para B of Part A of Schedule III of Listing Regulations of Listing Regulations

1. 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.

2. Change in the general character or nature of business brought about by:

2.1. Arrangements for strategic, technical, manufacturing, or marketing tie-up:

a) Agreement / joint venture (JV) with companies:

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 "arms length";

ix. size of the entity(ies);

x. rationale and benefit expected.

b) 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.

2.2. Adoption of new line(s) of business:

a) industry or area to which the new line of business belongs to;

b) expected benefits;

c) estimated amount to be invested.

2.3. Closure of operations of any unit/division - (entirety or piecemeal):

a) date of such binding agreement, if any, entered for sale of such unit/division, if any;

b) 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;

c) date of closure or estimated time of closure;

d) reasons for closure.

3. Capacity addition or product launch

3.1. 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.

3.2. 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).

4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business:

4.1. Awarding of order(s)/contract(s): Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity to which order(s)/contract(s) is awarded;
- b) whether order(s) / contract(s) is awarded to domestic/ international entity
- c) significant terms and conditions of order(s)/contract(s) awarded, in brief;
- d) time period, if any, associated with the order(s)/contract(s);
- e) broad commercial consideration or size of the order(s)/contract(s);
- f) 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;
- g) whether the same would fall within related party transactions? If yes, whether the same is done at "arms length".

4.2. Bagging/Receiving of orders/contracts: Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity awarding the order(s)/contract(s);
- b) significant terms and conditions of order(s)/contract(s) awarded in brief;
- c) whether order(s) / contract(s) have been awarded by domestic/ international entity;
- d) nature of order(s) / contract(s);
- e) whether domestic or international;
- f) time period by which the order(s)/contract(s) is to be executed;
- g) broad consideration or size of the order(s)/contract(s);
- h) 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;
- i) whether the order(s)/contract(s) would fall within related party transactions? If yes, whether the same is done at "arms length".

4.3. Amendment or termination of orders/contracts:

- 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)
- d) details of amendment or reasons for terminations and impact thereof (to the extent possible);

5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof: Only important terms and conditions which may be as under needs to be disclosed:

- a) name(s) of parties with whom the agreement is entered;
- b) purpose of entering into the agreement;

- c) size of agreement;
- d) shareholding, if any, in the entity with whom the agreement is executed;
- e) 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.;
- f) whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- g) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- h) in case of issuance of shares to the parties, details of issue price, class of shares issued;
- i) 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;
- j) 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;
- k) 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.

6. 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.:

6.1. 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.

6.2. 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.

7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.

8. 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.

8.1. 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;

8.2. 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.

9. Frauds/ defaults by directors (other than key managerial personnel) or employees of the listed entity:

9.1. 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 has been reported to appropriate authorities.

9.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default 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;
- c) corrective measures taken by the listed entity on account of such fraud/default.

10. Options to purchase securities (including any Share Based Employee Benefit (SBEB) Scheme) at the time of instituting the scheme and vesting or exercise of options:

- a) brief details of options granted;
- b) whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable);
- c) total number of shares covered by these options;
- d) pricing formula;
- e) options vested;
- f) time within which option may be exercised;
- g) options exercised;
- h) money realized by exercise of options;
- i) the total number of shares arising as a result of exercise of option;
- j) options lapsed;
- k) variation of terms of options;
- l) brief details of significant terms;
- m) subsequent changes or cancellation or exercise of such options;
- n) diluted earnings per share pursuant to issue of equity shares on exercise of options.

11. Giving of guarantees or indemnity or becoming a surety for any third party:

- a) name of party for which such guarantees or indemnity or surety was given;
- b) 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 "arms length";
- c) 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;
- d) impact of such guarantees or indemnity or surety on listed entity.

12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals:

- 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.

C. Details which a listed entity need to disclose in terms of Para C of Part A of Schedule III of Listing Regulations

Annexure II

Guidance on when an event/information has occurred

1. The listed entity may be confronted with the question as to when an event/information can be said to have occurred.

2. In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc, the answer to the above question would depend upon the timing when the listed entity became aware of the event/information.

2.1. In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.

2.2. In the latter, the events/information can be said to have occurred when a listed entity becomes aware of the events/information, 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.

Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and

shall also include promoter of the listed entity.

HOLDING OF SPECIFIED SECURITIES AND SHAREHOLDING PATTERN

31(1)	<p>The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for <u>each class of securities</u>, in the format specified by the Board from time to time within the following timelines - (a) <u>one day prior to listing</u> of its securities on the stock exchange(s); (b) <u>on a quarterly basis</u>, within twenty one days from the end of each quarter; and, (c) <u>within ten days of any capital restructuring</u> of the listed entity <u>resulting in a change exceeding two per cent of the total paid-up share capital</u>; Provided that in case of listed entities which have listed their specified securities on SME Exchange, the above statements shall be submitted on <u>a half yearly basis within twenty one days from the end of each half year</u>.</p>	<p>Check-</p> <ol style="list-style-type: none"> 1. The website of the SE, for the timely disclosure of shareholding pattern by the company. 2. Whether the company has submitted shareholding pattern 1 day prior to further listing. 3. Whether the company has submitted shareholding pattern on quarterly basis within 21days from the end of each quarter. 4. Whether the company has submitted shareholding pattern In case of capital restructuring entity <u>resulting in a change exceeding two per cent of the total paid-up share capital</u> of the listed entity within 10 days of capital restructuring 5. Where the company is listed on SME exchange – this disclosure shall be within 21 days from the end of each half year. 6. that all the shares of promoter and promoter group is in demat form.
31(2)	<p>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</p>	
31(3)	<p>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.</p>	
31(4)	<p>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.</p>	

CIRCULAR

CIR/CFD/CMD/13/2015

November 30, 2015

Sub: Disclosure of holding of specified securities and Holding of specified securities in dematerialized form

1. Regulation 31 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), deals with the disclosure of shareholding

pattern and manner of maintaining shareholding in dematerialized format.

2. Manner of representation of holding of specified securities

a. The holding of specified securities shall be divided into the following 3 categories viz. Promoter and Promoter Group, Public and Non Promoter Non Public.

b. 'Promoter and Promoter Group' shall have the same meaning as defined under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

c. The details of the shareholding of the promoters and promoter group must be accompanied with PAN Number (first holder in case of joint holding). Further, the shareholding of the promoter and promoter group is to be consolidated on the basis of the PAN and folio number to avoid multiple disclosures of shareholding of the same person.

d. In the disclosure of Public Shareholding:

i. For disclosure under category "Institution", the shareholder should fall under the category "Qualified Institutional Buyer" as defined under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

ii. All other Public Shareholding shall be displayed under Categories "Central Government/State Government(s)/President of India" or "Non-Institutions".

iii. Names of the shareholders holding 1% or more than 1% of shares of listed entity is to be disclosed.

iv. Names of the shareholders who are persons acting in concert, if available, shall be disclosed separately.

e. Shares against which Depository Receipts have been issued:

i. As per Securities Contracts (Regulation) Rules, 1957 and Depository Receipts Scheme, 2014, the shares of a listed entity underlying the depository receipts shall form part of the public shareholding of the company 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.

ii. 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'. The shares which are held by persons other than Promoter and Promoter Group and satisfying the above conditions would be classified under the category 'Public Shareholding'.

iii. The underlying shares, against which depository receipts have been issued, of a listed entity not satisfying the conditions at para (i) above which are held by Public Shareholders shall be classified under category 'Non Public Non Promoter shareholding'.

3. The listed entity shall ensure that shareholding of employee trusts and schemes are shown

separately in relevant categories in terms of SEBI (Share Based Employee Benefits) Regulations, 2014.

4. Manner of calculation of shareholding

a. The categories as defined at para 2(a) above:

i. Promoter and Promoter Group (A)

ii. Public (including shares underlying DRs which fulfill the conditions laid down in Rule 2(e) of Securities Contracts (Regulation) Rules, 1957) (B)

iii. Non Promoter Non Public (C)

1. Shares held by DR Holders (which don't fulfill the conditions laid down in Rule 2(e) of Securities Contracts (Regulation) Rules, 1957) (C1)

2. Shares held by Employee Benefit Trust under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (C2)

b. Total Shareholding for the purpose of calculating the public shareholding shall be calculated as (A+B+C2) in line with requirements of Depository Receipts Scheme, 2014, Securities Contracts (Regulation) Rules, 1957 as amended up to February 25, 2015 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

c. Percentage of promoter Shareholding shall be calculated as $A/(A+B+C2) * 100$.

d. Percentage of public Shareholding shall be calculated as $B/(A+B+C2) * 100$.

5. **Formats:** The format for disclosure of holding of specified securities is placed at Annexure I.

a. Summary statement showing holding of specified securities of the listed entity is given as per Table-I.

b. Statement showing holding of specified securities of the Promoter and Promoter Group is given as per Table-II.

c. Statement showing holding of specified securities of the public shareholders is given as per Table-III.

d. Statement showing holding of specified securities of the Non Promoter- Non Public shareholder is given as per Table-IV.

6. Holding of specified securities in dematerialized form:

a. Regulation 31(2) of Listing Regulations mandates the Listed Entities to ensure that 100% of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner specified by the Board. The listed entity shall take into consideration the following exemptions while arriving at compliance with 100% promoter(s) holding in dematerialized form:-

i. promoter(s) shares which were sold in physical mode and have not been lodged for transfer with the listed entity ;

ii. matters that are sub-judice before any Court/Tribunal, concerning shareholding of promoters/promoter group either in part or in entirety ; or

- iii. shares that cannot be converted into dematerialized form due to death of any promoter(s);
- b. For availing such exemption under Para 6(a) - (i) to (iii) above, Listed Entity shall approach Stock Exchange(s) along with necessary documentary evidence.
- c. In case any such exemption has been granted to the Listed Entity the same must be stated in summary statement and given separately and information should be given separately in Annexure.
- d. Further, at least 50% of non-promoter holding shall be held in dematerialized form. The listed entity shall take necessary steps for achieving the same.
While computing the requirement of minimum 50% shareholding of non-promoters in dematerialized form in a company, the government holding in non-promoter category may be excluded.
- 7. Display of holding of specified securities on website of Stock Exchange(s)**
- a. If the Listed Entity confirms that any particular instrument is not issued or there are no encumbered/ pledged shares and locked-in shares, respective columns will not be displayed by the Stock Exchange(s) on their website. The declaration given by the Listed Entity in this regard would be displayed by Stock Exchange(s).
- b. The Stock Exchange(s) shall also ensure that PAN numbers so disclosed in different tables are not displayed on the website of Stock Exchange(s).
8. The Depositories shall provide the shareholding data to listed entities in the requisite categorization as prescribed in the Circular.
9. The Stock Exchanges are advised to bring the provisions of this circular to the notice of the listed entities and also to disseminate the same on its website. This circular shall come into force on December 01, 2015.
10. This Circular is issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 31 and Regulation 101(2) of the Listing Regulations, 2015.

CIRCULAR

SEBI/HO/CFD/CMD1/CIR/P/2019/36

March 12, 2019

Sub: Modification of circular dated December 7, 2018 on 'Disclosure of significant beneficial ownership in the shareholding pattern'

1. Vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000149 dated December 7, 2018; certain requirements were specified with respect to disclosure of significant beneficial ownership in the shareholding pattern of listed entities. The said circular was based on the Companies (Significant Beneficial Owners) Rules, 2018 issued by Ministry of Corporate Affairs vide notification dated June 14, 2018.
2. Subsequent to the issue of the aforesaid circular, the Companies (Significant Beneficial Owners)

Rules, 2018 were amended by Ministry of Corporate Affairs vide the Companies (Significant Beneficial Owners) Amendment Rules, 2019 notified on February 8, 2019.

3. In view of the amendments to the Rules, the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000149 dated December 7, 2018 shall stand modified to the extent as specified hereunder:

3.1. The circular shall be applicable to those listed entities that are reporting companies as per Companies (Significant Beneficial Owners) Rules, 2018, as amended from time to time.

3.2. The submissions under this circular shall be in line with the requirements specified under Companies (Significant Beneficial Owners) Rules, 2018, as amended from time to time.

3.3. In view of the revised formats issued under the amended Rules, the format specified in the Annexure to this circular shall replace the format specified in the Annexure to the circular dated December 7, 2018.

3.4. In view of the revised timelines under the amended Rules, the circular shall come into force with effect from the quarter ended June 30, 2019.

4. The Stock Exchanges are advised to bring the provisions of this Circular to the notice of listed entities and also to disseminate the same on its website.

Annexure

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:		
							(a)Shares%	
							(b)Voting Rights%	
							(c)Rights on distributable dividend or any other distribution %	
							(d)Exercise of Control		
							(e)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

CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2017/128

December 19, 2017

Sub: Disclosure of holding of specified securities and Holding of specified securities in dematerialized form.

1. This circular is in continuation to Circular No. CIR/CFD/CMD/13/2015 dated November 30, 2015, prescribing the manner of representation of holding of specified securities.

2. Clause 2 (c) of the aforesaid circular has been amended as under:

“The details of the shareholding of the promoters and promoter group, public shareholder and non-public non-promoter shareholder must be accompanied with PAN Number (first holder in case of joint holding). Further, the shareholding of the promoter and promoter group, public shareholder and non-public non-promoter shareholder is to be consolidated on the basis of the PAN and folio number to avoid multiple disclosures of shareholding of the same person.”

3. The Stock Exchanges are advised to bring the provisions of this circular to the notice of the listed entities and also to disseminate the same on its website.

4. This Circular is issued in exercise of the powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 31 and Regulation 101(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Continuous Disclosure Requirements”.

CONDITIONS FOR RE-CLASSIFICATION OF ANY PERSON AS PROMOTER / PUBLIC

31A(1)	<p>(1) For the purpose of this regulation: (a) “Promoter seeking re-classification” shall mean all such promoters/<u>persons belonging to the promoter group</u> 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.</p> <p>Note:- Clauses (ii), (iii) and (iv) of clause (pp) of sub-regulation (1) of regulation 2</p>	<p>Check management confirmation for if there is any reclassification of promoter to public or vice versa.</p> <p>If the management confirms such re-classification then check if necessary approval from the Board of Directors, shareholders and Stock Exchange were taken.</p>
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	<p>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</p> <p>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</p> <p>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;</p>	
31(A)(2)	<p>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;</p> <p>Provided that in case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly</p>	

	decide on the application.	
31(A)(3)	<p>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:</p> <p>(a) <u>an application</u> for re-classification to the stock exchanges has been made by the listed entity consequent to the following procedures and <u>not later than thirty days from the date of approval by shareholders in general meeting:</u></p> <p>(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;</p> <p>(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: <u>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.</u></p> <p>(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.</p> <p>(b) the promoter(s) seeking re-classification and persons related to the promoter(s) seeking re-classification shall not:</p> <p>(i) together, hold more than ten percent of the total voting rights in the listed entity;</p> <p>(ii) exercise control over the affairs of the listed entity directly or indirectly;</p> <p>(iii) have any special rights with respect to the listed entity through formal or informal</p>	<p>In case of reclassification of status of a promoter/person belonging to promoter group to public</p> <p>Check</p> <ol style="list-style-type: none"> 1. Request letter received from such Promoter 2. Board meeting minutes, where such proposal has been approved 3. Fulfillment of all conditions specified in Regulation 31A(3) 4. Whether time gap of at least three months but not exceeding six months between the date of Board meeting and shareholders' meet. 5. Whether company has complied with the requirement for minimum public shareholding as required under regulation 38 of these regulations; 6. Company's shares are not suspended for trading by the stock exchanges; 7. Company did not have any outstanding dues to the Board, the stock exchanges or the depositories 8. Take management confirmation letter relating to <ol style="list-style-type: none"> a. absence of any special rights with respect to the listed entity through formal or informal arrangements including through any shareholder agreements b. not a 'wilful defaulter' as per the Reserve Bank of India Guidelines; c. not a fugitive economic offender

	<p>arrangements including through any shareholder agreements;</p> <p>(iv) be represented on the board of directors (including not having a nominee director) of the listed entity;</p> <p>(v) act as a key managerial person in the listed entity;</p> <p>(vi) be a 'wilful defaulter' as per the Reserve Bank of India Guidelines;</p> <p>(vii) be a fugitive economic offender.</p> <p>(c) the listed entity shall:</p> <p>(i) be compliant with the requirement for minimum public shareholding as required under regulation 38 of these regulations;</p> <p>(ii) not have trading in its shares suspended by the stock exchanges;</p> <p>(iii) not have any outstanding dues to the Board, the stock exchanges or the depositories</p>	
31A(4)	<p>The promoter(s) seeking re-classification, subsequent to re-classification as public, shall comply with the following conditions:</p> <p>(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, <u>he shall automatically be reclassified as promoter/</u> persons belonging to promoter group, as applicable;</p> <p>(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.</p>	<p>1. Check whether the person reclassified in the past from promoter to public have complied all the conditions.</p> <p>2. If not, then whether he/she has been again reclassified from public to promoter automatically.</p>
31(A)(5)	<p>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.</p>	<p>Condition for Reclassification in case of Open Offer or <i>in any other manner</i></p>
31(A)(6)	<p>In case of transmission, succession, inheritance and gift of shares held by a promoter/ person belonging to the promoter group:</p>	

	<p>(a) immediately on such event, the recipient of such shares shall be classified as a promoter/ person belonging to the promoter group, as applicable.</p> <p>(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.</p> <p>(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.</p>	
31(A)(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	
31(A)(8)	<p>The following events shall 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:</p> <p>(a) receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification;</p> <p>(b) minutes of the board meeting considering such request which would include the views of the board on the request;</p> <p>(c) submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges;</p> <p>(d) decision of the stock exchanges on such application as communicated to the listed entity;</p>	Check whether company has submitted disclosure of Material events w.r.t re-classification to Stock Exchange within 24 hrs of its occurrence
31A(9)	The provisions of sub-regulations 3, 4 and clauses (a) and (b) of sub-regulation 8 of this regulation 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.	
<p>Comments:- As per Regulation 31A(2), reclassification should be allowed by the stock exchanges only upon receipt of a request from the listed entity along with all relevant evidence and the stock exchange shall allow the reclassification/modification on being satisfied with the compliance of conditions mentioned in Regulation 31A. In case of entities listed on more than one stock exchange, the concerned stock exchanges shall jointly decide on the application. However, stock exchange approval is not required as specified under Regulation 31A(5), 31A(6) or 31A(9)</p>		
Informal Guidance		
<p>Facts:- Gujarat Ambuja Exports Limited was incorporated on August 21, 1991 under the Companies Act, 1956 as a Public Limited Company, having its registered office at Ahmedabad. The equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Shri Mohit Gupta belonging to the Promoter Group and holding 0.23% shareholding in the company has expressed his desire for reclassification from 'Promoter Group' category to 'Public category'. The reasons, as submitted for reclassification of Shri Mohit Gupta from the</p>		

'Promoter Group' category to 'Public category' are as follows.

The shareholding of Shri Mohit Gupta is insignificant, constituting 0.23% of the total paid up equity capital of the Company. Shri Mohit Gupta is the son of Shri Vijay kumar Gupta and Smt. Sulochana Gupta and brother of Shri Manish Gupta. Shri Mohit Gupta, who is relative of Shri Vijaykumar Gupta, Smt. Sulochana Gupta and Shri Manish Gupta, is leading his life and occupation independently and not connected, directly or indirectly, whatsoever, with any activity of the Company.

Shri Mohit Gupta had been associated with the Company as Director since 2005. Thereafter, he was appointed as a Joint Managing Director of the Company in the year 2008. Shri Mohit Gupta resigned as Director (including Joint Managing Director) *w.e.f* May 31, 2017. Currently, Shri Mohit Gupta is neither involved in the operations of the Company nor connected with the Company. Further, Shri. Mohit Gupta does not exercise any direct and indirect control over the affairs of the Company. The Company has also not entered into any Shareholder Agreement with him. Further, Shri. Mohit Gupta has not got any Veto Rights or Special Rights as to voting power or control of the Company neither has he any Special Information rights. He would also never be privy to any price sensitive information of the Company.

Query:- Whether the approval of the shareholders may be dispensed with as it is not required and the Company may approach the Stock Exchanges directly for permission under Regulation 31A (2) & (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Informal Guidance:- Our view is that for the given facts and circumstances of the case the company would not be required take shareholders' approval for the proposed reclassification subject to compliance with regulation 31A of Listing Regulation.

Informal Guidance

Krebs Biochemicals & Industries Limited (KBIL) ("Company") is engaged in the manufacturing and marketing of fermentation based biotech APIs with its manufacturing facilities situated at Vishakapatnam and Nellore in the state of Andhra Pradesh. The company went public in the year 1994 and its shares listed on BSE Limited and the National Stock Exchange of India Limited.

The company has received requests from the below mentioned members belonging to the promoter group for re-classification from promoter to public category.

SI No.	Name of the Promoter	No. of Shares held
1	Jawaharlal Jasti	Nil
2	Mohammad Vahidullah	Nil
3	Talasila Vijaylakshmi	Nil
4	Sunkara Hari Rangarao	Nil
5	Sunakara Lakshmi Parvati	Nil
6	Sambasiva Rao Ravi	Nil

The list of promoters as on 18th June, 2016 is as follows

SI No.	Name of the Promoter	No. of Shares held
1	Dr. Ravindranath Tagore Ravi	198416
2	Avinash Ravi	1589505

3	Hemalata Ravi	2224400
4	Aditya Ravi	8820
5	Ajay Ravi	93300
6	IPCA Laboratories Limited	4100100
7	Jawaharlal Jasti	Nil
8	Mohammad Vahidullah	Nil
9	Talasila Vijaylakshmi	Nil
10	Sunkara Hari Rangarao	Nil
11	Sunakara Lakshmi Parvati	Nil
12	Sambasiva Rao Ravi	Nil

After the proposed re-classification, the following would be the promoters of the company

SI No.	Name of the Promoter	No. of Shares held
1	Dr. Ravindranath Tagore Ravi	198416
2	Avinash Ravi	1589505
3	Hemalata Ravi	2224400
4	Aditya Ravi	8820
5	Ajay Ravi	93300
6	IPCA Laboratories Limited	4100100
	Total	8214541

The company is in process of making an application under Regulation 31A (2) & (3) of Listing Regulations, to BSE and NSE for the proposed re-classification of the said promoters mentioned in table at para (b) above, to public.

The company has sought clarity on the requirement of obtaining shareholders' approval for the reclassification. The company has opined that since the re-classification is not pursuant to Sub- regulation (5) and (6) of Regulation 31A of the Listing Regulations, approval of shareholders is not required.

The company has confirmed that the conditions under Sub-regulation 7 (a), (b) &(c) of Regulation 31A of the Listing Regulations are complied by the company. Company has also submitted that the said re-classification of promoters is not pursuant to Regulation 31A (5) or (6) of the Listing Regulations. Since the promoters mentioned in table at para (b) above are willing to exit the promoter group, the re-classification is being proposed. Further, the company has confirmed that the promoters mentioned in table at para (b) above are not holding any shares in the company and are not holding any control over the affairs and management of the company.

Queries:-

In view of the above, you have sought informal guidance in the form of an interpretative letter as to whether the company has to obtain the approval of the shareholders for proposed reclassification of some of the promoters.

Informal Guidance:-

We have considered the submissions made by you in your letter under reference.

Without necessarily agreeing with your analysis, our view is that the company may not be required to obtain approval of the shareholders for the proposed reclassification. However, such reclassification may be allowed by the stock exchanges under Regulation 31A (2) and (3) of the Listing Regulations subject to compliance of Regulation 31A.

Informal Guidance

Brief Facts:- Deepak Nitrite Limited was incorporated on June 06, 1970. Shri Chimanlal Mehta. Shri Deepak Mehta and Shri Ajay C Mehta are promoters of the Company. The Target Company is listed on BSE Limited and NSE.

The shareholding of Promoters and Promoter Group as on October 06, 2017 is as under:

Sl No.	Name	No. of shares held	% of shareholding
1	Deepak Chimanlal Mehta	21236331	16.25
2	Stiffen Credits and Capital Pvt Ltd	8379940	6.41
3	Checkpoint Credits and Capital Pvt Ltd	7206050	5.51
4	Stepup Credits and Capital Pvt Ltd	6915580	5.29
5	Stigma Credits and Capital Pvt Ltd	6178100	4.73
6	Skyrose Finvest Pvt Ltd	3777356	2.89
7	Pranawa Leafin Pvt Ltd	2246000	1.72
8	Forex Leafin Pvt Ltd	2169780	1.66
9	Kantaben Chimanlal Mehta	970000	0.74
10	Sundown Finvest Pvt Ltd	812300	0.62
11	Ila Deepak Mehta	396010	0.30
12	Hardik Leafin Pvt Ltd	346000	0.26
13	Maulik Deepak Mehta	131300	0.10
14	Chimanlal Khimchand Mehta	78390	0.06
15	Meghav Deepak Mehta	47290	0.03
16	Chimanlal K Mehta (As Karla of HUF)	8040	0.00

Shri Deepak C Mehta and Shri Ajay C Mehta are sons of Shri Chimanlal K Mehta. Shri Ajay C Mehta does not hold any equity shares in the Target company and therefore his name is not reflected in the list of Promoters and Promoter Group in the shareholding pattern being files by the Target Company under the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). However, the name of Shri Ajay C Mehta is disclosed as promoter in the earlier offer documents of the Target Company. Smt. Kantaben C Mehta. mother of Shri Deepak C Mehta and Shri Ajay C Mehta, holds 9,70,000 equity shares in the Target Company and is being shown under the Promoter Group in the shareholding pattern filed by the Target Company with the stock exchanges. Smt. Kantaben C Mehta has expressed her desire to gift 9,00,000 equity shares out of her total holding of 9,70,000 equity shares to her grandson, Shri Param Ajay Mehta(son of Shri Ajay C Mehta)(Proposed Transaction).

Shri Param Ajay Mehta is not holding any equity share of the Target Company, his name is also not reflected in the list of Promoter and Promoter Group in the Shareholding pattern filed with the stock exchanges. However, the fact remains that Shri Param Mehta is an immediate relative of Promoter of the Target Company, Shri Ajay C Mehta.

Queries:-

- a. Whether the proposed transaction would be treated as 'modification or reclassification of the status of the Shareholders', as prescribed under Regulation 31A (2) of the Listing Regulations?
- b. Whether the Target Company is required to obtain permission of BSE and NSE as prescribed under Regulation 31A (2) of the Listing Regulations for the proposed transaction?
- c. Whether the proposed transaction falls under the General Exemptions provided under Regulation 10(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations).?

Informal Guidance:-

- i. Regarding the queries at 3 (a) and (b) above:
 - a. Regulation 31A of the Listing Regulations deals with the disclosure of class of shareholders and conditions for Reclassification. Regulation 31A(2) stipulates that the stock exchanges shall allow modification or reclassification of the status of the shareholders, only upon receipt of a request from the concerned listed entity or the concerned shareholders along with all relevant evidence and on being satisfied with the compliance of conditions mentioned in this regulation.
 - b. In this matter, it has been noticed that one of the promoter of the Company, Smt. Kantaben C Mehta who is holding 9,70,000 shares of the Company has expressed her desire to gift 9,00,000 shares to her grandson, Shri Param Ajay Mehta.
 - c. The Target company vide email dated November 07, 2017 has confirmed that Smt. Kantaben C Mehta will continue to be shown in the promoters' category holding 70,000 shares after the proposed transaction. Further, Shri Param Ajay Mehta will also be shown in the promoter category of the Target company holding 9,00,000 shares after the proposed transaction.
 - d. As mentioned above, since Shri Ajay Mehta is not holding any equity share of the Target Company, his name is also not reflected in the list of Promoter and Promoter Group in the Shareholding pattern filed with the stock exchanges under the requirements of the Listing Regulations. Further, it has been submitted by you that Shri Ajay Mehta was disclosed as promoter in the earlier offer documents of the target company. Shri Param Mehta is an immediate relative of promoter of the Target Company, Shri Ajay C Mehta. In view of the same, Shri Param Ajay Mehta would be considered as a member of the promoter group by virtue of Regulation 2(1) (zb) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009 (ICDR Regulations).
 - e. In view of above, the proposed transaction may not be treated as 'modification or reclassification of the status of the Shareholders', as there would be no reclassification or modification of the status of shareholders from promoter to public shareholder and vice versa after the proposed transaction as prescribed under Regulation 31A (2) of the Listing Regulations. Hence, the Company may not be required to obtain permission of BSE and NSE as prescribed under Regulation 31A (2) of the Listing Regulations for the proposed transaction.
- ii. Regarding the query 3 (c) above
A transaction between grandmother and a grandson is not exempted under Regulation 10(1) of SAST Regulations. However on the basis of facts submitted, it is observed that

<p>since the holding of Shri Param Ajay Mehta individually will increase from 0 to 0.69% while the holding of the entire promoter group remains at 46.57% prior to and post the transaction. The proposed transaction would not trigger an open offer under Regulation 3. Further, as mentioned above, since Shri Param Ajay Mehta <u>would be considered as a member of the promoter group by virtue of Regulation 2(1) (zb) of ICDR Regulations</u>, the inclusion of Shri Param Ajay Mehta may not be considered as change in control and hence it shall not trigger open offer under Regulation 4 of the Takeover Regulations. Hence the question of the proposed transaction falling under General Exemption provided under Regulation 10 (1) of Takeover Regulations, 2011 would not arise at this point of time.</p>		
<p>STATEMENT OF DEVIATION(S) OR VARIATIONS(S)</p>		
32(1)	<p>The listed entity shall submit to the stock exchange the following statement(s) on a <u>quarterly basis</u> for public issue, rights issue, preferential issue etc., - (a) indicating deviations, if any, in the use of proceeds <u>from the objects stated</u> in the offer document or explanatory statement to the notice for the general meeting, as applicable; (b) indicating <u>category wise variation</u> (capital expenditure, sales and marketing, working capital etc.) between projected utilization of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilization of funds.</p>	<p>Check whether company has raised fund during the financial year from public issue, rights issue or preferential issue or does company has unutilized Issue proceed. If yes, check</p> <ol style="list-style-type: none"> a. Whether, company has submitted quarterly category wise deviation, if any from the projected utilization of fund to the Stock Exchange. b. In case of no deviation, whether company has submit confirmation relating to the same to the Stock Exchange
32(2)	<p>The statement(s) specified in sub-regulation (1), shall be continued to be given till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.</p>	
32(3)	<p>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).</p>	<p>Whether, company has submitted quarterly category wise deviation, if any from the projected utilization of fund before the Audit Committee for their review and then submitted the same to the Stock Exchange under Regulation 32(1)</p>
32(4)	<p>The listed entity shall furnish an explanation for the variation specified in sub-regulation (1), in the directors' report in the annual report.</p>	<p>Whether, company has disclosed in its Annual Report deviation, if any from the projected utilization of fund</p>
32(5)	<p>The listed entity shall prepare an <u>annual statement of funds utilized for purposes other than those stated in the offer</u></p>	<p>Whether, company has placed before its Audit Committee, Annual statement of funds utilized Certified by Statutory</p>

	<u>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.</u>	Auditor.
32(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.	Whether, company has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue. If yes, check the Comments or report received from
32(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.	Comments to monitoring agency to be placed before Audit committee
32(7A)	Where an entity has raised funds through <u>preferential allotment or qualified institutions placement</u> , the listed entity shall disclose every year, the utilization of such funds during that year in <u>its Annual Report</u> until such funds are fully utilized.	Whether, company has disclosed in its Annual Report Fund Utilisation statement about the fund raised through preferential allotment or qualified institutions placement
32(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 /on SME Exchange shall respectively be read as half yearly / half year.	
Comments:- Regulation 32 stipulates to submit deviation details to the Stock Exchange on quarterly basis. As per Regulation 32(3), the deviation statement shall be placed before the audit committee for review and after such review, shall be submitted to the stock exchange(s).		
CIRCULAR		
CIR/CFD/CMD1/162/2019 December 24, 2019 Sub: Format on Statement of Deviation or Variation for proceeds of public issue, rights issue, preferential issue, Qualified Institutions Placement (QIP) etc.		
1. As per Regulations 32(1), 32(2) and 32(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (' SEBI LODR Regulations '), a listed entity is, <i>inter alia</i> , required to submit to the stock exchange, a statement of deviation or variation, pursuant to review by the audit committee, on a quarterly basis for public issue, rights issue, preferential issue etc. indicating, <ul style="list-style-type: none"> ➤ deviations, if any, in the use of proceeds of public issue, rights issue, preferential issue 		

etc. and

- the category wise variation between projected utilisation of funds and the actual utilisation of funds.

Such statement of deviation or variation is to be submitted till the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

2. Stock Exchanges, during the course of interactions with SEBI have submitted that while listed entities submit the statement of deviation or variation, there is no uniformity in the formats so submitted. Hence there is a need to introduce a common format for such reporting.
3. Further, such a common form at will also aid monitoring by Stock Exchanges, of the end use of issue proceeds raised by listed entities through public issue, rights issue, preferential issue, QIP etc. Hence, for the purpose of compliance with 32(1), 32(2) and 32(3) of the SEBI LODR Regulations, listed entities shall follow the format placed at **Annex A** to this Circular.
4. The salient features of the format areas under:
 - a. Applicability: The format shall be applicable for funds raised by listed entities through public issue, rights issue, preferential issue, QIPs etc.
 - b. Frequency of Disclosure: The disclosure to the Stock Exchange(s) shall be made by listed entities on quarterly basis along with the declaration of financial results (within 45 days of end of each quarter/60 days from the end of the last quarter of the financial year) until such funds are fully utilised or the purpose for which these proceeds were raised has been achieved.
 - c. Role of the Audit Committee: The statement of deviation report shall be placed before audit committee of the listed entity for review on quarterly basis and after such review; the comments of audit committee along with the report shall be disclosed/ submitted to the stock exchange, as part of the format.
In cases where the listed entity is not required to have an audit committee under the provisions of SEBI LODR Regulations or Companies Act, 2013, the word 'Audit Committee' shall be replaced with 'Board of Directors'.
5. The first such submissions shall be made by the listed entities for the quarter ending December 31, 2019; subsequent submissions shall be quarterly as explained above.

Statement of Deviation / Variation in utilisation of funds raised

Name of 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	applicable/not applicable
Monitoring Agency Name, if applicable	
Is there a Deviation / Variation in use of 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 shareholder Approval		
Explanation for the Deviation / Variation		
Comments of the Audit Committee after review		
Comments of the auditors, if any		
<p>Deviation or variation could mean:</p> <p>(a) Deviation in the objects or purposes for which the funds have been raised or</p> <p>(b) Deviation in the amount of funds actually utilized as against what was originally disclosed or</p> <p>(c) Change in terms of a contract referred to in the fund raising document i.e. prospectus, letter of etc</p> <p>Name of Signatory</p> <p>Designation</p>		
FINANCIAL RESULTS		
33(1) (a),(b), (c)	<p>(1) While preparing financial results, the listed entity <u>shall comply with the following:</u></p> <p>(a) The financial results shall be prepared on the basis of <u>accrual accounting policy</u> and shall be in accordance with <u>uniform accounting practices adopted</u> for all the periods.</p> <p>(b) The quarterly and year to date results shall be prepared in accordance with the recognition and measurement principles laid down in <u>Accounting Standard 25 or Indian Accounting Standard 31 (AS 25/ Ind AS 34 – Interim Financial Reporting)</u>, 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.</p> <p>(c) The standalone financial results and consolidated financial results shall be</p>	<ol style="list-style-type: none"> 1. Take Management confirmation relating to preparation of financial results on the basis of accrual accounting policy and uniform accounting practices & follow all applicable accounting standards. 2. Check the Peer Review Certificate of the Statutory Auditor issued by Institute of Chartered Accountants of India.

	<p>prepared as per Generally Accepted Accounting Principles in India:</p> <p>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.</p> <p>(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 <u>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.</u></p> <p>(e) The listed entity shall make the disclosures specified in Part A of Schedule IV.</p>	
<p style="text-align: center;">SCHEDULE IV PART A: DISCLOSURES IN FINANCIAL RESULTS [See Regulation 33(1)(e)]</p> <p>The listed entity shall disclose the following while preparing the financial results:-</p> <p>A. Changes in accounting policies, if any, shall be disclosed in accordance with Accounting Standard 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.</p> <p>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 or any other financial item(s) which may be impacted due to modified opinion(s) , while publishing or submitting such results.</p> <p>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).</p> <p>BB. With respect to audit qualifications where the impact of the qualification is not quantifiable:</p> <p>i. The management shall mandatorily make an estimate which the auditor shall review and report accordingly.</p> <p>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</p>		

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.

33(2)	<p>The approval and authentication of the financial results shall be done by listed entity in the following manner:</p> <p>(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, <u>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.</u></p> <p>(b) The financial results submitted to the stock exchange <u>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.</u></p> <p>(c) The limited review report shall be placed before the board of directors, at its meeting which approves the financial</p>	<p>Check-</p> <ol style="list-style-type: none"> 1. the CEO & CFO Certificate placed before Board certifying that the financial results do not contain any false or misleading statement or figures and do not omit any material fact. 2. Financial results submitted shall be signed Chairperson or MD or WTD or in the absence any director. 3. Board minutes for quarter end to ensure that financial results (including Annual results) are approved by the board and also take note of Limited Review Report.
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	<p>results, before being submitted to the stock exchange(s).</p> <p>(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).</p>	
33 (3)	<p>The listed entity shall submit the financial results in the following manner:</p> <p>(a) The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within <u>forty-five days of end of each quarter, other than the last quarter.</u></p> <p>(b) In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results.</p> <p>(c) The quarterly and year-to-date financial results may be either audited or unaudited subject to the following:</p> <p>(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.</p> <p>Provided that in case of public sector undertakings this limited review may be undertaken by any practicing Chartered Accountant.</p> <p>(ii) In case the listed entity opts to submit audited financial results, they shall be accompanied by the audit report.</p> <p>(d) The listed entity <u>shall submit annual 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 for</u></p>	<p>Check-</p> <ol style="list-style-type: none"> 1. Website of the Stock Exchange to ensure that financial results (quarterly, yearend) except for the last quarter was submitted within 45 days of the end of the quarter. 2. If consolidated financial results are also submitted in case of subsidiaries. 3. If the results are audited then ensure that Financial Results were submitted along with audit report. If they are unaudited then they must be submitted along with Limited Review Report by the statutory auditor of the listed entity. 4. For the last quarter, results were submitted not later than 60 days from the end of last quarter. 5. Last quarter results include a statement that the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods. 6. W.e.f 1st April 19, the Last quarter results include a note that last quarter figures are balancing figures between full year audited figures and published year to date figures. 7. Cash flow in half year Financial Results (w.e.f 1st April 19) 8. audited Financial Results with modified opinion was accompanied with Statement on Impact of audit qualification and are in specified format.

	<p><u>audit report with modified opinion):</u></p> <p>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 only for audit report with modified opinion)</p> <p>[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.</p> <p>(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 upto the third quarter of the current financial year.</p> <p>(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.</p> <p>(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 <u>cash flows for the half-year</u>.</p> <p>(h) The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least <u>eighty percent of each</u> of the consolidated revenue, assets and profits, respectively, shall have been subject to audit or in case of unaudited results, subjected to limited review.</p> <p>(i) The listed entity shall disclose, in the results for the last quarter in the financial</p>	<p>9. 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>
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	year, by way of a note, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.	
33(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	
33(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.	
33(6)	The Statement on Impact of Audit Qualifications (for audit report with modified opinion) and the accompanying annual audit report submitted in terms of clause (d) of sub-regulation (3) shall be reviewed by the stock exchange(s).	
33(8)	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.	
Informal Guidance		
<p>Brief Facts:- Shriram Transport Finance Company Limited ("STFC" or "Company") is a public limited company engaged in the business of asset financing and allied businesses. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The company is registered with RBI as a non-banking finance company (NBFC). The Company does not have any subsidiary. Shriram Automall India Limited ("SAMIL"), unlisted public company, ceased to be subsidiary of the Company effect from February 7, 2018 and has become 'associates' of the Company You have mentioned following for not submitting consolidated financial results on quarterly basis: Regulation 33(3)(b) of Listing Regulations is applicable to a listed entity having subsidiary. The Company is not required to prepare and submit the unaudited/audited consolidated financial results, as it does not have any subsidiary. The revenue, assets and profits of its only associate is less than 20% of consolidated revenue, assets and profits of the Company and SAMIL. SAMIL is an unlisted company and not required to prepare financial results on quarterly basis. In</p>		

case SAMIL prepares quarterly financial results, it may not prepare within 45 days of quarter end and before the STFC Board Meeting, to consider and approve the quarterly financial results. Further, the Company is not in a position to cause SAMIL to prepare quarterly financial statement in terms of Regulation 33 of Listing Regulations. Auditors of the Company and SAMIL are different and Auditor of the Company may find it difficult to carry out limited review of financial results of SAMIL on quarterly basis.

The Company is not parent company of SAMIL, as per Accounting Standard. As per section 129(3) read with section 129(2) of the Companies Act, 2013, The Company is required to prepare consolidated financial statement on annual basis and no requirements for quarterly basis. The Company is not required to consolidate financial results of associate (SAMIL) on quarterly basis. You mentioned that in case consolidation of financial results are non-mandatory under Listing Regulations, The Company would prefer to submit the unaudited standalone financial results for the quarters ended June 30, 2019, September 30, 2019 & December 31, 2019.

Queries:-

whether the Company is required to prepare and submit to stock exchange unaudited consolidated financial results for the first three quarters of the financial year 2019-20 i.e. June 30, 2019, September 30, 2019 and December 31, 2019 and for each such quarters for subsequent financial years under the listing regulations.

Whether the submission of unaudited standalone financial results for the first three quarters of the financial year 2019-20 i.e. June 30, 2019, September 30, 2019 and December 31, 2019 and for each such quarters for subsequent financial years would ensure due compliance of Regulation 33(3)(b) of the Listing Regulations.

Informal Guidance:-

Regulation 33 (3) (b) of the LODR:- Regulations as it stood before the amendment stipulates that in case the listed entity has subsidiaries, in addition to the standalone results, the entity may submit quarterly/ year-to-date consolidated financial results. Para 2.6.4 of SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 states that In case the listed entity has subsidiaries/ Joint Ventures/ Associates, the entity may exercise the option under regulation 33 (3) (b) of the listing Regulations to submit quarterly/year to date consolidated financial results. The option to file quarterly consolidated financial statements, as specified in the SEBI circular was in conformity with regulation 33(3)(b) which also provided for the said option, as it stood prior to amendment w.e.f April 1, 2019.

On amendment of regulation 33(3)(b), it has become mandatory for listed companies to file consolidated financial results quarterly /year-to-date, in accordance with the format as specified in the aforementioned SEBI Circular, which specifies consolidation of financial statements of Subsidiary/Associates/Joint Venture.

Further Para 2.1 of the SEBI Circular specifies that for the period ending on or after March 31, 2017, the format of quarterly financial results shall be as per the formats prescribed in Schedule III of The Companies Act. It is observed that Schedule III of the Companies Act clearly stipulates that all subsidiaries, associates and joint venture will be covered under consolidated financial statements. Accordingly, the obligation of a listed company to submit quarterly/year-to-date consolidated financial results by including its associates, stand established.

With respect to your query at para 3(a), for the purpose of compliance with Regulation 33 (3) (b) of Listing Regulations, if listed entity has subsidiaries or associate, the listed entity shall submit quarterly / year-to-date consolidated financial results, in addition to standalone financial results as mentioned at clause (a) of the sub-regulation (3) of Regulation 33 of Listing Regulations and limited review report as mentioned in clause (c) (i) of the sub-regulation (3) of Regulation 33 of Listing Regulations.

Further, with respect to query at para 3(b), non-submission of financial results as mentioned in para 5(i) above would become non-compliance of Listing Regulations.

CIRCULAR

CIR/CFD/CMD1/80/2019

July 19, 2019

Sub: Procedure and formats for limited review / audit report of the listed entity and those entities whose accounts are to be consolidated with the listed entity

1. SEBI, on March 29, 2019 issued a Circular No. CIR/CFD/CMD1/44/2019 on the captioned subject. Annex 2 to the said circular contains the formats for audit report and limited review report.
2. Subsequent to the issue of said circular, the Institute of Chartered Accountants of India (ICAI) informed SEBI that ICAI has now revised the SA 700 based on which Exhibits C2, B2, C4, B4, C5 and B5 of Annex 2 to the said circular were issued. Accordingly, the aforementioned audit report formats need to be aligned with SA 700(Revised).
3. Further, ICAI has also suggested certain updates with respect to the limited review report (i.e. Exhibits C1 and B1 of Annex 2 to the said circular).
4. In partial modification of the said Circular, Exhibits C1, B1, C2, B2, C4, B4, C5 and B5 of Annex 2 to the said Circular shall be replaced by Exhibits C1, B1, C2, B2, C4, B4, C5 and B5 of Annex 1 to this Circular.
5. This Circular shall be applicable with respect to the financial results for the quarter **ending September 30, 2019 and after.**

Annex

1ExhibitC1:FormatfortheLimitedReviewReportforlistedentitiesotherthanbanksandinsurance companies - unaudited standalone quarterly and year to date results

Review report to.....

We have reviewed the accompanying statement of unaudited financial results of (Name of the Company) for the period ended.....This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance

with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

[Insert Emphasis of Matter Paragraph]

Our conclusion is not modified in respect of this matter.

Exhibit C2: When an Unmodified Opinion is expressed on the Quarterly and year to date financial results for companies (other than banks and insurance companies)

Illustrative format of Independent Auditor's Report (Unmodified Opinion) on Audited standalone Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone quarterly financial results of (Name of the company) (the company) for the quarter ended (date of the quarter end) and the year to date results for the period from to, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit/loss and other comprehensive income and other financial information for the quarter ended (date of the quarter end) as well as the year to date results for the period from ... to

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Insert Emphasis of Matter Paragraph]

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Standalone Financial Results

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Exhibit C4: When an Unmodified Opinion is expressed on consolidated audited quarterly and year to date financial results for companies (other than banks and insurance companies)

Illustrative Format of Independent Auditor's Report (Unmodified Opinion) On consolidated audited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF.....

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying Statement of Consolidated Financial Results of.....

("Holding company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities for the quarter ended _____ and for the period from ____ to ____ ("the Statement"), being submitted by the holding company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended and the corresponding period from ____ to ____, as reported in these financial results have been approved by the holding company's Board of Directors, but have not been subjected to audit/review.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements/ financial information of subsidiaries, associates and jointly controlled entities, the Statement:

- a. includes the results of the following entities: **(to indicate list of entities included in the consolidation)**;
- b. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and

- c. gives a true and fair view, in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of consolidated total comprehensive income (comprising of net [profit/loss] and other comprehensive income/loss) and other financial information of the Group for the quarter ended _____ and for the period from to _____

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

[Insert Emphasis of Matter Paragraph]

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Consolidated Financial Results

These quarterly financial results as well as the year to date consolidated financial results have been prepared on the basis of the interim financial statements.

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Group including its associates and jointly controlled entities in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and jointly controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated Financial Results. We are responsible for

the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

The consolidated Financial Results include the audited Financial Results of _____ subsidiaries, associates and _____ jointly controlled entities, whose interim Financial Statements/Financial Results/financial information reflect Group's share of total assets of Rs.

_____ as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from to _____ respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent auditors. The independent auditors' reports on interim financial statements/Financial Results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of _____ subsidiaries, associates and _____ jointly controlled entities, whose interim Financial Statements/Financial Results/ financial information reflect Group's share of total assets of Rs. _____ as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from to _____ respectively, as considered in the consolidated Financial Results. These unaudited interim Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is based solely on such unaudited interim Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these interim Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

Exhibit C5: Illustrative format of independent auditor's report (unmodified opinion) on the annual consolidated financial results pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for companies (other than banks and insurance companies)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ABC Company Limited (Holding Company) Report on the Audit of Consolidated Financial Results Opinion

We have audited the accompanying consolidated annual financial results of ABC Company Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities for the year ended_, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements /financial results/ financial information of the subsidiaries, associates and jointly controlled entities, the aforesaid consolidated financial results:

- (i) include the annual financial results of the following entities **(to indicate list of entities included in the consolidation)**
- (ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- (iii) give a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of net profit/loss and other comprehensive income and other financial information of the Group for the year ended _____.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and

other auditors in terms of their reports referred to in "Other Matter" paragraph below, is insufficient and appropriate to provide a basis for our opinion.

[Insert Emphasis of Matter Paragraph]

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibilities for the Consolidated Financial Results

These Consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information of the Group including its associates and jointly controlled entities in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and jointly controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit

- procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

The consolidated Financial Results include the audited Financial Results of _____ subsidiaries, associates and _____ jointly controlled entities, whose Financial Statements/Financial Results/financial information reflect Group's share of total assets of Rs. _____ as at _____, Group's share of total revenue of Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from to _____ respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements/Financial Results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of _____ subsidiaries, associates and _____ jointly controlled entities, whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets¹⁵ of Rs. as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from to _____ respectively, as considered in the consolidated Financial Results. These unaudited interim Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is based solely on such unaudited Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Financial Results include the results for the quarter ended _____ being _____ the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us..

OR

The Financial Results include the results for the quarter ended _____ being _____ the balancing figure between the audited figures in respect of the full financial year and the published audited year to date figures up to the third quarter of the current financial year.

Exhibit B1: Format for the Limited Review Report for banks for unaudited standalone quarterly and year to date results

Review report to.....

We have reviewed the accompanying statement of unaudited financial results of (Name of the Bank) for the period ended. This statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

In the conduct of our Review we have relied on the review reports in respect of non-performing assets received from concurrent auditors of __ branches, inspection teams of the bank of branches and other firms of auditors of branches specifically appointed for this purpose. These review reports cover percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

[Insert Emphasis of Matter Paragraph]

Our conclusion is not modified in respect of this matter.

Exhibit B2: When an Unmodified Opinion is expressed on the Audited quarterly and year to date Financial Results (for Banks)

Illustrative format of Independent Auditor's Report (Unmodified Opinion) on Audited Standalone Quarterly Financial Results and Year to Date Results of the Bank Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF

Report on the Audit of the Standalone Financial Results Opinion

We have audited the accompanying standalone quarterly Financial Results of (Name of

the bank) ("the Bank") for the quarter ended.....(date of the quarter end) and the year to date results for the period from to attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), except for the disclosures relating to Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us.

In our opinion and to the best of our information and according to the explanations given to us, these standalone Financial Results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India of the net profit/ loss and other financial information for the quarter ended (date of the quarter end) as well as the year to date results for the period from ...to.....

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. ("the Act")/ issued by the Institute of Chartered Accountants of India²². Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Directors' Responsibility for the Standalone Financial Results

These standalone Financial Results have been compiled from the interim standalone financial statements. The Bank's Board of Directors are responsible for the preparation of these standalone Financial Results that give a true and fair view of the net profit/loss²⁴ and other financial information in accordance with the recognition and measurement principles laid down in Accounting Standard 25 (AS 25)/ Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Act/ issued by the Institute of Chartered Accountants of India²⁵, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also

includes maintenance of adequate accounting records in accordance with the provisions of the Act/Banking Regulations Act, 1949²⁶ for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Financial Results, the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Results. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Financial Results, including the disclosures, and whether the standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

These standalone Financial Results incorporate the relevant returns of _____ (number) branches including _____ (number) foreign branches audited by the other auditors specially appointed for this purpose. These branches audited by other auditors cover % of advances, % of deposits and % of Non-performing assets as on _____ and % / % of revenue for the quarter ended _____ / for the period to

In conduct of our audit, we have taken note of the unaudited returns in respect of _____ (number) branches certified by the respective branch's management. These unaudited branches cover % of advances, % of deposits and % of Non-performing assets as on _____ and % / % of revenue for the quarter ended _____ / for the period ... to

- Our opinion on the standalone financial results is not modified in respect of above matter Exhibit B4: When an Unmodified Opinion is expressed on consolidated audited quarterly and year to date Financial Results (for Banks)

Illustrative Format of Independent Auditor's Report (Unmodified Opinion) on consolidated audited quarterly and year to date Financial Results of the Bank Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF

Report on the Audit of the Consolidated Financial Results

Opinion

We have audited the accompanying Statement of Consolidated Financial Results of (Name of the bank) ("the Bank"/the parent) and its subsidiaries (the parent and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities for the quarter ended and for the period from _____ to _____ ("the Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") except for the disclosures relating to consolidated Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us. Attention is drawn to the fact that the consolidated Financial Results/Financial information for the corresponding quarter ended and the corresponding period from _____ to _____, as reported in these Financial Results have been approved by the Bank's Board of Directors but have not been subjected to audit/review.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate audited financial statements/financial results/financial information of, subsidiaries, associates and jointly controlled entities, the aforesaid Financial Results:

- a. include the results of the following entities: **(to indicate list of entities included in the consolidation)**;
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulation except for the disclosures relating to consolidated Pillar 3 disclosures as at __, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us; and
- c. give a true and fair view, in conformity with the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India, of the consolidated net profit/loss and other financial information of the Group for the quarter endedand for the period from ____ to ____.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. ("Act") /issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion.

[Insert Emphasis of Matter Paragraph]

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibility for the Consolidated Financial Results

These Consolidated Financial Results have been compiled from the audited consolidated interim financial statements/ financial information.

The Bank's Board of Directors are responsible for the preparation and presentation of these consolidated Financial Results that give a true and fair view of the net profit/ loss³³ and other financial information of the Group including its associates and jointly controlled entities in accordance with the recognition and measurement principles laid down in Accounting Standard 25 (AS 25)/ Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Act / issued by the Institute of Chartered Accountants of India³⁴, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulation Act, 1949 for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance

of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Bank, as aforesaid.

In preparing the consolidated Financial Results, the respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Financial

Results, including the disclosures, and whether the consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

The consolidated Financial Results include the audited Financial Results of _____ subsidiaries, associates and _____ jointly controlled entities, whose interim Financial Statements/Financial Results/financial information reflect Group's share of total assets of Rs. _____ as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent Auditors. The independent auditors' reports on interim financial statements/Financial Results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of _____ subsidiaries, _____ associates and _____ jointly controlled entities, whose interim Financial Statements/Financial Results/ financial information reflect Group's share of total assets³⁶ of Rs. _____ as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively, as considered in the consolidated Financial Results. These unaudited interim Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is

based solely on such unaudited interim Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these interim Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

Exhibit B5: Illustrative format of independent auditor's report (unmodified opinion) on the annual consolidated Financial Results under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (for Banks)

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF**

Report on the Audit of the Consolidated Financial Results Opinion

We have audited the accompanying Statement of Consolidated Financial Results of (Name of the bank) ("the Bank"/the parent) and its subsidiaries (the parent and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, for the year ended _____ ("the Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")³⁸ except for the disclosures relating to consolidated Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us. Attention is drawn to the fact that the consolidated Financial Results/Financial information for the corresponding year ended as reported in these Financial Results have been approved by the Bank's Board of Directors but have not been subjected to audit/review.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditor or auditors on separate audited financial statements/financial results/financial information of, subsidiaries, associates and jointly controlled entities, the aforesaid Financial Results:

- d. include the financial results of the following entities: **(to indicate list of entities included in the consolidation)**;
- e. are presented in accordance with the requirements of Regulation 33 of the Listing Regulation except for the disclosures relating to consolidated Pillar 3 disclosure as at __, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us; and
- c. give a true and fair view, in conformity with the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India, of the consolidated net profit/loss⁴⁰ and other financial information of the Group for the year ended _____.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under

section 143(10) of the Companies Act, 2013. ("Act") /issued by the Institute of Chartered Accountants of India⁴¹. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

[Insert Emphasis of Matter Paragraph]

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibility for the Consolidated Financial Results

These Consolidated Financial Results have been compiled from the consolidated Annual audited financial statements.

The bank's Board of Directors are responsible for the preparation and presentation of these consolidated Financial Results that give a true and fair view of the consolidated net profit/loss⁴³ and other financial information of the Group including its associates and jointly controlled entities in accordance with the Accounting Standards/ Indian Accounting Standards specified under section 133 of the Act / issued by the Institute of Chartered Accountants of India⁴⁴, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulations Act, 1949 for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Bank, as aforesaid. In preparing the consolidated Financial Results, the respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. [OR] Under Section 143(3)(i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Financial Results, including the disclosures, and whether the consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and

performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

The consolidated Financial Results include the audited Financial Results of _____ subsidiaries, associates and _____ jointly controlled entities, whose Financial Statements/Financial Results/financial information reflect Group's share of total assets of Rs. _____ as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter and year ended _____ respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent Auditors. The independent auditors' reports on financial statements/financial results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of _____ subsidiaries, _____ associates and _____ jointly controlled entities, whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets⁴⁶ of Rs. _____ as at _____, Group's share of total revenue of Rs. _____ and Rs. _____ and Group's share of total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter and year ended _____ respectively, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is based solely on such unaudited Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Financial Results include the results for the quarter ended _____ being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

OR

The Financial Results include the results for the quarter ended _____ being the balancing figure between the audited figures in respect of the full financial year and the

published audited year to date figures up to the third quarter of the current financial year.

CIRCULAR

CIR/CFD/CMD1/44/2019

March 29, 2019

Sub: Procedure and formats for limited review / audit report of the listed entity and those entities whose accounts are to be consolidated with the listed entity

1. The Kotak Committee Report on Corporate Governance, *inter-alia*, suggested certain changes in the regulatory framework for Group Audit. SEBI, while considering the recommendation of the Kotak Committee, decided to amend Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 ("*SEBI LODR Regulations*"), after considering public comments, with respect to this matter. Accordingly, the following new sub-regulation was inserted under Regulation 33 of the SEBI LODR Regulations, which will come into effect from April 01, 2019.

"(8) 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".

2. Consequently,

- ☑ all listed entities whose equity shares and convertible securities are listed on a recognised stock exchange,
- ☑ the statutory auditors of such entities,
- ☑ all entities whose accounts are to be consolidated with the listed entity and
- ☑ the statutory auditors of entities whose accounts are to be consolidated with the listed entity (Referred to as '*parties to the limited review*' for easy reference), shall, with respect to the aforesaid sub-regulation as applicable, comply with the following:

a. Procedure: The parties to the limited review shall, as applicable, follow the procedure as given at **Annex 1** to this Circular.

b. Formats:

i. SEBI, vide Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015, had prescribed formats for:

a. Periodical Financial Results by listed entities; and

b. Limited Review Reports and Audit Reports by statutory auditors of the listed entities

ii. SEBI further vide circular no. CIR/CFD/FAC/62/2016 dated July 05, 2016 had made certain changes to the formats for submitting to periodical financial results.

iii. While the formats for periodical financial results to be submitted by listed entities will continue to remain the same as specified in the aforesaid circulars, the formats for limited review reports and audit reports specified vide SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 will be replaced vide this circular.

iv. Accordingly, paras 3(d) and (e) of SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and the relevant Annexure V, VI, VII and VIII referred to therein stand deleted. In place of the formats specified in these four Annexures, the Limited Review reports and Audit Reports, as applicable, shall be given by statutory auditors in the formats specified in **Annex 2 to this circular**.

v. A summary of the formats, as per applicability, is placed below for easy reference

S. No	Format No.		Audited / Unaudited	Periodicity	Standalone/ Consolidated results	Brief description of the formats
	For listed entities other than banks and insurance companies (C formats)	For Banks (B formats)				
1	C1	B1	Unaudited	Quarterly	Standalone	Format for the Limited Review Report on quarterly and year to date results
2	C2	B2	Audited	Quarterly	Standalone	When an Unmodified Opinion is expressed on the Quarterly and year to date financial results
3	C3	B3	Unaudited	Quarterly	Consolidated	Independent Auditor's Review Report on Review of Consolidated Unaudited Quarterly and Year to date Financial Results
4	C4	B4	Audited	Quarterly	Consolidated	When an Unmodified Opinion is expressed on consolidated audited quarterly and year to date financial results
5	C5	B5	Audited	Annual	Consolidated	When an Unmodified Opinion is expressed on consolidated audited annual financial results

vi. Insurance companies shall follow formats as prescribed by IRDA.

3. The provisions of this circular shall be in addition to and not affect the norms and procedures with respect to limited review specified under clause (c) of sub-regulation 3 of Regulation 33 and related provisions.

4. This Circular shall come into force with effect from April 01, 2019 i.e. the date on which sub-regulation 8 of Regulation 33 comes into force.

5. The Institute of Chartered Accountants of India (ICAI) may consider issuing necessary guidance to Chartered Accountants ensure compliance with this circular in letter and in spirit.

6. The Stock Exchanges are advised to bring the provisions of this circular to notice of the listed entities and disseminate it on their websites.

7. The circular is issued in exercise of the powers conferred under sections 11 and 11A of the Securities and Exchange Board of India Act, 1992 read with regulations 33(8) and 101 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Annex 1

Procedure under Regulation 33(8) of SEBI LODR Regulations with respect to listed entities/companies

1. OBJECTIVE AND CLARIFICATIONS

a. The objective of this Procedure is to ensure that the statutory auditors undertaking the audit / review of the Consolidated Financial Statements / Results of the Parent Company obtain desired information as required under the Standard on Auditing (SA) 600, "Using the Work of Another Auditor" and the Guidance Note (GN) on Audit of Consolidated Financial Statements (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) in order to rely on the work of the auditors of the Financial Statements / Results / Information of the Components, while forming and expressing an opinion / conclusion, as applicable, on the Consolidated Financial Statements / Results of the Parent Company under Regulation 33(8) of SEBI LODR Regulations.

However, the **audit and limited review of the respective Components that are being consolidated with the Parent Company shall continue to be undertaken by the respective auditors of such Components.**

b. The procedure is applicable for Listed Entities in the case of review of the Consolidated Financial Statements / Results of the Parent Company prepared in accordance with the requirements of:

- (i) Indian Accounting Standards (Ind AS), [namely, Ind AS 110: Consolidated Financial Statements, Ind AS 28: Investments in Associates and Joint Ventures and Ind AS 111: Joint Arrangements] or
- (ii) Accounting Standards (AS), namely, AS 21: Consolidated Financial Statements, AS 23: Accounting for Investments in Associates in Consolidated Financial Statements and AS 27: Financial Reporting of Interests in Joint Ventures.

c. The procedure does not alter the requirements of limited review or audit of the Standalone / Consolidated Financial Statements/Results of the Parent Company and/or the Standalone Financial Statements/Results of the Components. The requirement for review / audit of the financial Statements / results as mandated by regulations 33(1) and 33(3), continues to exist. Accordingly, the Parent Company could opt to either get the Consolidated Statements / Results subjected to limited review or audit by their auditors.

2. AUDIT / REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS / RESULTS

a. Compliance with Mandatory SAs / SREs / GNs issued by ICAI

The audit / review of Consolidated Financial Statement / Results should be conducted in accordance with the mandatory Standards on Auditing (SA) / Standards on Review Engagements (SRE), Guidance Notes (GN), as applicable, issued by the ICAI.

In this regard, the audit of Consolidated Financial Statements/Results should be conducted in accordance with the Standard on Auditing (SA) 600, "Using the Work of Another Auditor" (hereinafter referred to as SA 600) and the Guidance Note (GN) on Audit of Consolidated Financial Statements (Revised 2016) (hereinafter referred to as GN CFS) issued by the Institute of Chartered Accountants of India (ICAI) and other guidance/guidelines of the ICAI. The review of Consolidated Financial Statements / Results should be conducted in accordance with the Standard on Review Engagements (SRE) issued for the purpose by the ICAI, also to be read in conjunction with SA 600 and GN on CFS.

b. Procedures under SA 600, SRE 2400/2410 and GN on CFS

The Principal Auditor i.e. the auditor of the parent listed entity should plan and perform an audit to obtain sufficient and appropriate audit evidence to express an opinion on the Consolidated Financial Statements / Results. In an audit of Consolidated Financial Statements / Results, the

principal auditor (as defined in SA 600) is required to perform various procedures in accordance with SA 600 and GN on CFS issued by the ICAI.

The Principal Auditor should plan and perform the review to obtain moderate assurance as to whether the Consolidated Financial Statements / Results **are free of material misstatement**. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. In an engagement to review Consolidated Financial Statements / Results also, the Principal Auditor should comply with the requirements of SA 600, SRE 2400/2410 and GN on CFS, as may be applicable.

c. Procedure

Pursuant to (a) and (b) above, the principal auditor (that is, the Parent Company's Auditor) shall, *inter alia*, consider the following procedures, as applicable, with respect to the audit / review of the Consolidated Financial Statements/Results:

(Note: These procedures are not to be construed as being complete and comprehensive and are not a replacement or a substitute to the requirements detailed in the relevant Standards on Auditing / Standards on Review Engagements/Guidance Notes and must, **therefore, not be read on a standalone basis**)

i. Obtain an understanding of the consolidation process followed by the Parent Company Management, including the instructions issued by the Parent Company Management to Components.

ii. Discuss with the other auditor or Component Management those of the Component's business activities that are significant to the group and identify Components that are likely to be Significant (See Explanatory Note below) and Non-significant and develop an overall Consolidated Financial Statements/ Results audit / review plan.

(Explanatory Note: The principal auditor will determine Significant Components. Such determination should be made by the principal auditor based upon their understanding of the risks associated with the consolidated financial statements, materiality and exercise of professional judgment. However, as a minimum, Significant Components selected by the principal auditor would represent those Components which together with the Parent Company would in the aggregate represent at least eighty percent of each of the consolidated revenue, assets and profits.)

iii. Determine the materiality for the Consolidated Financial Statements / Results as a whole when establishing the overall Consolidated Financial Statements / Results audit / review plan as well as determine whether the component's financial statements are material to the group to determine whether they should scope in additional components, and consider using the work of other auditors (that is, the Component Auditors), as applicable.

iv. When planning to use the work of another auditor, the principal auditor shall consider the professional competence of the other auditor in the context of the specific assignment, if the other auditor is not a member of the ICAI –SA 600 Para 11.

v. Determine the nature, timing and extent of the procedures to be performed by the principal auditor. The principal auditor shall also perform procedures to obtain sufficient appropriate audit evidence, that the work of the other auditor is adequate for the principal auditor's purposes, in the context of the specific assignment.

vi. Design and perform audit / review procedures on the Consolidated Financial Statements / Results arising from the special considerations relating to the consolidation process.

vii. When considered necessary by the principal auditor, he may require the other auditor to answer a detailed questionnaire regarding matters on which the principal auditor requires information for discharging his duties. The other auditor should respond to such questionnaire on a timely basis.

viii. While the principal auditor should consider the significant findings of the other auditor, he may consider it appropriate to discuss with the other auditor and the management of the component, the audit findings or other matters affecting the financial information of the components. He may also decide that supplemental tests of the records or the financial statements of the component are necessary. Such tests may, depending upon the circumstances, be performed by the principal auditor or the other auditor.

ix. When the principal auditor concludes that the financial information of a component is immaterial, the procedures outlined in SA 600 do not apply. When several components, immaterial in themselves, are together material in relation to the financial information of the entity as a whole, the procedures outlined in SA 600 should be considered.

x. Obtain Management Representations including those relating to the Consolidated Financial Statements / Results.

xi. Evaluate and consider all Reporting Considerations including those communicated by the other auditors,

xii. Include in the audit / review documentation, the matters specified in SA 600 Para 18.

d. Consolidated Financial Statements / Results Audit / Review Instructions

The Consolidated Financial Statements / Results Audit / Review Instructions mentioned below may set out the work to be performed, the use to be made of that work, and the form and content of the other auditor communication with the principal auditor.

The principal auditor shall communicate its requirements to the other auditor on a timely basis. This communication shall set out the work to be performed, the use to be made of that work, and the form and content of the other auditor communication with the principal auditor.

The Parent Company Management is responsible to ensure that there is co-ordination between the principal and other auditor to comply with the requirements of SA 600.

The key matters that may, *inter alia*, be included in the Consolidated Financial Statements / Results audit / review instructions include:

i. A request that the other auditor, knowing the context in which the principal auditor will use the work of the other auditor, confirms that the other auditor will cooperate with the principal auditor

ii. Dates of planned visits to the Components, where considered necessary, by the principal auditor and/or meetings with the other auditor, duly considering whether the other auditor is or is not a member of the ICAI

iii. The principal auditor would inform the other auditor of matters such as areas requiring special consideration, including procedures for the identification of inter component transactions that may require disclosure.

iv. The ethical and independence requirements that are relevant to the Consolidated Financial Statements/Results audit/review.

v. The threshold above which misstatements, if any, in the Component's financial Statements/results cannot be regarded as immaterial to the Consolidated Financial Statements/Results.

vi. A list of Related Parties prepared by Parent Company Management and work to be performed on intra-group transactions and unrealized profits and intra-group account balances.

vii. Significant Risks of Material Misstatement of the Consolidated Financial Statements/Results, due to Fraud or Error, identified by the principal auditor that are relevant to the work of the other auditor.

viii. A description of the accounting policies, to ensure consistent application of accounting policies

across the group.

ix. A request that the other auditor communicates on a timely basis any Significant Risks of Material Misstatement of the Consolidated Financial Statements / Results, due to Fraud or Error, identified in the Component and the other auditor's response to such risks.

x. Subsequent Events Review requirements.

xi. The timetable for completing the audit/review and for submission of deliverables (audited / reviewed financial statement/results, response to questionnaires, summary of significant findings, reports, etc.)

xii. Information on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the Consolidated Financial Statements / Results.

xiii. A list of uncorrected misstatements of the financial information of the Component.

xiv. Indicators of possible management bias in making accounting estimates at the Component level.

xv. Description of any identified significant deficiencies in internal control at the Component level.

xvi. Other significant matters that the other auditor communicated or expects to communicate to those charged with governance of the Component, including fraud or suspected fraud involving Component Management, employees who have significant roles in internal control at the Component level or others where the fraud resulted in a material misstatement of the financial information of the Component.

xvii. Any other matters that may be relevant to the audit/review of the Consolidated Financial Statements/Results, or that the other auditor wishes to draw to the attention of the principal auditor, including exceptions noted in the written representations that the other auditor requested from the Component Management.

The list above is not exhaustive and other matters, as decided by the Principal Auditor may be included. However, if the principal auditor decides not to include any of the key matters mentioned above, he may do so with reasons recorded in writing.

The other auditor should:

(a) Initially, provide an acknowledgement to the principal auditor for the receipt of the instructions; and

(b) Finally, provide a confirmation to the principal auditor regarding compliance with the instructions received, together with the applicable audit/review report.

Note: Necessary guidance provided by the ICAI in relation to this procedure should be followed

Annex 2

Exhibit C1: Format for the Limited Review Report for listed entities other than banks and insurance companies - unaudited standalone quarterly and year to date results

Review report to.....

We have reviewed the accompanying statement of unaudited financial results of (Name of the Company) for the period ended..... This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the

financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)¹

(Membership Number)

Place of signature

Date

Exhibit C2: When an Unmodified Opinion is expressed on the Quarterly financial results for companies (other than banks and insurance companies) - Audited standalone quarterly and year to date

Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

We have audited the quarterly financial results of (Name of the company) for the quarter ended (date of the quarter end) and the year to date results for the period to, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) for Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India², as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
ii. give a true and fair view of the net profit/ loss and other financial information for the quarter ended (date of the quarter end) as well as the year to date results for the period from to

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)⁴

(Membership Number)

Place of signature

Date

Exhibit C3: Independent Auditor's Review Report on Review of Consolidated Unaudited Quarterly and Year to date Financial Results for companies (other than banks and insurance companies)

Independent Auditor's Review Report On consolidated unaudited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/(loss) after tax and total comprehensive income / loss of its associates and joint ventures for the quarter ended _____ and for the period from _____ to _____ ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended⁵. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended ____ and the corresponding period from ____ to _____, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities: **(indicate list of entities included in the consolidation similar to the requirement for audited consolidated results)**

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the branch auditors and other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. [Insert Emphasis of Matter paragraph]. Our conclusion is not modified in respect of this matter.

7. We did not review the interim financial statements /financial information/ financial results of _____ branches and _____ joint operations included in the standalone unaudited/ audited interim financial statements/ financial information/ financial results of the entities included in the Group, whose results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____, total net profit / (loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income/ loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the respective standalone unaudited/ audited interim financial statements/ financial information/ financial results of the entities included in the Group. The interim financial statements/ financial information / financial results of these branches and joint operations have been reviewed by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not review the interim financial statements / financial information / financial results of _____ subsidiaries included in the consolidated unaudited financial results, whose interim financial statements / financial information / financial results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____, total net profit/(loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income / loss of Rs. _____ and Rs. _____, for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income / loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated unaudited financial results, in respect of _____ associates and _____ joint ventures, whose interim financial statements / financial information/ financial results have not been reviewed by us. These interim financial statements / financial information / financial results have been reviewed by other auditors whose

reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

8. The consolidated unaudited financial results includes the interim financial statements/ financial information/ financial results of _____ subsidiaries which have not been reviewed/audited by their auditors, whose interim financial statements/ financial information/ financial results reflect total assets of Rs. _____ as at _____ and total revenue of Rs. _____ and Rs. _____, total net profit/(loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income / loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income / loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated unaudited financial results, in respect of _____ associates and _____ joint ventures, based on their interim financial statements/ financial information/ financial results which have not been reviewed/audited by their auditors. According to the information and explanations given to us by the Management, these interim financial statements / financial information / financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)

(Membership Number)

Place of signature

Date

Exhibit C4: When an Unmodified Opinion is expressed on consolidated audited quarterly and year to date financial results for companies (other than banks and insurance companies)

Auditor's Report On consolidated audited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

1. We have audited the accompanying Statement of Consolidated Financial Results of ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit/(loss) after tax and total comprehensive income / loss of its associates and joint ventures for the quarter ended _____ and for the period from _____ to _____ ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended _____ and the corresponding period from _____ to _____, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to audit/review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related interim consolidated financial statements/ interim consolidated financial information which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements/ interim consolidated financial information.

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements/ financial information of branches and joint operations of the Group, subsidiaries, associates and joint ventures referred to in paragraph 6 below, the Statement:

a. includes the results of the following entities: **(to indicate list of entities included in the consolidation);**

b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and

c. gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total comprehensive income (comprising of net [profit/loss] and other comprehensive income/ loss) and other financial information of the Group for the quarter ended _____ and for the period from _____ to _____.

5. [Insert Emphasis of Matter paragraph]. Our opinion is not qualified in respect of this matter

6. We did not audit the interim financial statements / financial information/financial results of _____ branches and _____ joint operations included in the standalone interim financial statements / financial information/ financial results of the entities included in the Group whose interim financial statements / financial information/financial results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____, total net profit / (loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income/ loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the respective standalone audited interim financial statements/ financial information/ financial results of the entities included in the Group. The interim financial statements / financial information/financial results of these branches and joint operations have been audited by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not audit the interim financial statements / financial information/financial results of _____ subsidiaries included in the consolidated financial results, whose interim financial statements / financial information/financial results reflect total assets of Rs. _____ as at _____, total revenues of Rs. _____ and Rs. _____, total net profit / (loss) after tax of Rs. _____ and Rs. _____, and total comprehensive income/ loss of Rs. _____ and Rs. _____ for the for the quarter ended _____ and for the period from _____ to _____ respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net profit/loss after tax of Rs. _____ and Rs. _____ and total comprehensive income/ loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated financial results, in respect of _____ associates and _____ joint ventures, whose interim financial statements / financial information/financial results have not been audited by us. These financial statements / financial information/financial results have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our opinion on the Statement is not modified in respect of the above matters.

7. The consolidated financial results includes the unaudited interim financial statements/ financial information/financial results of _____ subsidiaries, whose interim financial statements/ financial information reflect total assets of Rs. _____ as at _____, total revenue of Rs. _____ and Rs. _____, total net profit/(loss) after tax of Rs. _____ and Rs. _____, and total comprehensive income/ loss of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and Rs. _____ and total comprehensive income of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated financial results, in respect of _____ associates and _____ joint ventures, whose interim financial statements / financial information/financial results have not been audited by us. These interim financial statements/ financial information/financial results are unaudited and have been furnished to us by the

Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on such unaudited interim financial statements/financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these interim financial statements / financial information/financial results are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matter.

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)³⁰

(Membership Number)

Place of signature

Date

Exhibit C5: When an Unmodified Opinion is expressed on consolidated audited annual financial results for companies (other than banks and insurance companies)

Auditor's Report on the audit of the annual financial results of the group with the last quarter financial results being balancing figures Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

1. We have audited the accompanying Statement of Consolidated Financial Results of ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit/(loss) after tax and total comprehensive income / loss of its associates and joint ventures for the year ended dd/mm/ivvy ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended³¹. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended ____, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to audit/review³².

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including

the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of branches and joint operations of the Group, subsidiaries, associates and joint ventures referred to in paragraph 6 below, the Statement:

a. includes the results of the following entities: **(to indicate list of entities included in the consolidation);**

b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and

c. gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total comprehensive income (comprising of net [profit/loss] and other comprehensive income/ loss) and other financial information of the Group for the year ended dd/mm/yyyy.

5. [Insert Emphasis of Matter paragraph]. Our opinion is not qualified in respect of this matter

6. We did not audit the financial statements / financial information of _____ branches and _____ joint operations included in the standalone financial statements of the entities included in the Group whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX and total revenues of Rs. _____, total net profit / (loss) after tax of Rs. _____, total comprehensive income/ loss of Rs. _____ and cash flows (net) of Rs. _____ for the year ended on that date, as considered in the respective standalone financial statements of the entities included in the Group. The financial statements / financial information of these branches and joint operations have been audited by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not audit the financial statements / financial information of _____ subsidiaries included in the consolidated financial results, whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenues of Rs. _____, total net profit / (loss) after tax of Rs. _____, total comprehensive income/ loss of Rs. _____ and cash flows (net) of Rs. _____

_____ for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net profit/loss of Rs. _____ and total comprehensive income/ loss of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial results, in respect of ____ associates and ____ joint ventures, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph above.

Our opinion on the Statement is not modified in respect of the above matters.

7. The consolidated financial results includes the unaudited financial statements/ financial information of _____ subsidiaries, whose financial statements/ financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenue of Rs. _____, total net profit/(loss) after tax of Rs. _____, total comprehensive income/ loss of Rs. _____ and cash flows (net) of Rs. _____ for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and total comprehensive income of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial results, in respect of ____ associates and ____ joint ventures, whose financial statements / financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint ventures, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matter.

8. The Statement includes the results for the quarter ended dd/mm/yyyy being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us. [Use this paragraph where the quarters were subjected to a limited review].

[OR]

The Statement includes the results for the quarter ended dd/mm/yyyy being the balancing figure between audited figures in respect of the full financial year and the published audited year to date figures up to the third quarter of the current financial year. [Use this paragraph where the quarters were audited].

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)³⁹

(Membership Number)

Place of signature

Date

Exhibit B1: Format for the Limited Review Report for banks for unaudited standalone quarterly and year to date results

Review report to.....

We have reviewed the accompanying statement of unaudited financial results of ____ (Name of the Company) for the period ended _____. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

In the conduct of our Review we have relied on the review reports in respect of non-performing assets received from concurrent auditors of _____ branches, inspection teams of the bank of _____ branches and other firms of auditors of _____ branches specifically appointed for this purpose. These review reports cover _____ percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)

(Membership Number)

Place of signature

Date

Exhibit B2: When an Unmodified Opinion is expressed on the Audited Quarterly and year to date Financial Results (for Banks)

Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

We have audited the quarterly financial results of (Name of the bank) for the quarter ended (date of the quarter end) and the year to date results for the period to, attached herewith, being submitted by the bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared from interim financial statements, which are the responsibility of the bank's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 / Indian Accounting Standard 34 (AS 25/ Ind AS 34 – Interim Financial Reporting) mandated under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India¹ and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

These financial results incorporate the relevant returns of _____(number) branches audited by us, _____ (number) branches including _____ (number) foreign branches audited by the other auditors specially appointed for this purpose and unaudited returns in respect of _____ (number) branches. In conduct of our audit, we have taken note of the reports in respect of non-performing assets received from the concurrent auditors of _____ (number) branches, inspection teams of banks of _____ (number) branches specifically appointed for this purpose. These reports cover _____ percent of advances portfolio of the Bank.

In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

- i. have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- ii. give a true and fair view of the net profit/loss for the quarter ended(date of the quarter end) as well as the year to date results for the period from to

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)³

(Membership Number)

Place of signature

Date

Exhibit B3: Independent Auditor's Review Report on Review of Consolidated Unaudited Quarterly and Year to date Financial Results (for banks as per AS)

Independent Auditor's Review Report On consolidated unaudited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of ("the Parent"/"the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its jointly controlled entities and its share of the net profit/(loss) after tax of its associates for the quarter ended _____ and for the period from _____ to _____ ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended ____ and the corresponding period from____to____, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities: **(indicate list of entities included in the consolidation similar to the requirement for audited consolidated results)**

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the branch auditors and other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us

to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to consolidated Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

6. [Insert Emphasis of Matter paragraph]. Our conclusion is not modified in respect of this matter.

7. We did not review the interim financial statements /financial information/ financial results of _____ branches included in the standalone unaudited/ audited interim financial statements/ financial information/ financial results of the entities included in the Group, whose results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____ and total net profit / (loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the respective standalone unaudited/ audited interim financial statements/ financial information/ financial results of the entities included in the Group. The interim financial statements/ financial information / financial results of these branches have been reviewed by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph above.

We did not review the interim financial statements / financial information / financial results of _____ subsidiaries and _____ jointly controlled entities included in the consolidated unaudited financial results, whose interim financial statements / financial information / financial results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____ and total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated unaudited financial results, in respect of _____ associates , whose interim financial statements / financial information/ financial results have not been reviewed by us. These interim financial statements / financial information / financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph above.

Our conclusion on the Statement is not modified in respect of the above matters.

8. The consolidated unaudited financial results includes the interim financial statements /financial information/ financial results which have not been reviewed/audited of _____

branches included in the standalone unaudited/ audited interim financial statements/ financial information/ financial results of the entities included in the Group, whose results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____ and total net profit / (loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the respective standalone unaudited/ audited interim financial statements/ financial information/ financial results of the entities included in the Group. According to the information and explanations given to us by the Management, these interim financial statements / financial information / financial results are not material to the Group.

The consolidated unaudited financial results includes the interim financial statements/ financial information/ financial results of _____ subsidiaries and _____ jointly controlled entities which have not been reviewed/audited by their auditors, whose interim financial statements/ financial information/ financial results reflect total assets of Rs. _____ as at _____ and total revenue of _____

Rs._____ and Rs._____ and total net profit/(loss) after tax of Rs._____ and Rs._____ for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and Rs._____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated unaudited financial results, in respect of _____ associates, based on their interim financial statements/ financial information/ financial results which have not been reviewed/audited by their auditors. According to the information and explanations given to us by the Management, these interim financial statements / financial information / financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)

(Membership Number)

Place of signature

Date

Exhibit B4: When an Unmodified Opinion is expressed on consolidated audited quarterly and year to date financial results (for banks as per AS)

Auditor's Report On consolidated audited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

1. We have audited the accompanying Statement of Consolidated Financial Results of ("the Parent"/"the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its jointly controlled entities and its share of the net profit/(loss) after tax of its associates for the quarter ended _____ and for the period from _____ to _____ ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed/audited by us.). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended _____ and the corresponding period from _____ to _____, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to audit/review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related interim consolidated financial statements/ interim consolidated financial information which has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" (" AS 25"),prescribed under Section 133 of the Companies Act, 201360, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting

principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements/ interim consolidated financial information.

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements/ financial information of branches of the Group, subsidiaries, jointly controlled entities and associates referred to in paragraph 6 below, the Statement:

a. includes the results of the following entities: **(to indicate list of entities included in the consolidation)**;

b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed/audited by us; and

c. gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Accounting Standards, RBI Guidelines and other accounting principles generally accepted in India of the consolidated net [profit/loss] and other financial information of the Group for the quarter ended _____ and for the period from _____ to _____.

5. [Insert Emphasis of Matter paragraph]. Our opinion is not qualified in respect of this matter

6. We did not audit the interim financial statements / financial information/financial results of

_____ branches included in the standalone interim financial statements / financial information/ financial results of the entities included in the Group whose interim financial statements / financial information/financial results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____ and total net profit / (loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the respective standalone audited interim financial statements/ financial information/ financial results of the entities included in the Group. The interim financial statements / financial information/financial results of these branches have been audited by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not audit the interim financial statements / financial information/financial results of _____ subsidiaries and _____ jointly controlled entities included in the consolidated financial results, whose interim financial statements / financial information/financial results reflect total assets of Rs. _____ as at _____, total revenues of Rs. _____ and Rs. _____ and total net profit / (loss) after tax of Rs. _____ and Rs. _____ for the for the quarter ended _____ and for the period from _____ to _____ respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net profit/loss after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated financial results, in respect of _____ associates, whose interim financial statements / financial information/financial results have not been audited by us. These financial statements / financial information/financial results have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph above.

Our opinion on the Statement is not modified in respect of the above matters.

7. The consolidated financial results includes the unaudited interim financial statements / financial information/financial results of _____ branches included in the standalone interim financial statements / financial information/ financial results of the entities included in the Group whose interim financial statements / financial information/financial results reflect total assets of Rs. _____ as at _____ and total revenues of Rs. _____ and Rs. _____ and total net profit / (loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the respective standalone audited interim financial statements/ financial information/ financial results of the entities included in the Group. These interim financial statements/ financial information/financial results are unaudited and have been furnished to us or other auditors by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on such unaudited interim financial statements/financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these interim financial statements / financial information/financial results are not material to the Group.

The consolidated financial results includes the unaudited interim financial statements/ financial information/financial results of _____ subsidiaries and _____ jointly controlled entities, whose

interim financial statements/ financial information reflect total assets of Rs. _____ as at _____ , total revenue of Rs. _____ and Rs. _____ and total net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____ respectively , and cash flows (net) of Rs. _____ for the period from _____ to _____, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ and Rs. _____ for the quarter ended _____ and for the period from _____ to _____, respectively, as considered in the consolidated financial results, in respect of _____ associates, whose interim financial statements / financial information/financial results have not been audited by us. These interim financial statements/ financial information/financial results are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on such unaudited interim financial statements/financial information/financial results. In our opinion and according to the information and explanations given to us by the Management, these interim financial statements / financial information/financial results are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matter.

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)

(Membership Number)

Place of signature

Date

Exhibit B5: When an Unmodified Opinion is expressed on consolidated audited annual financial results (for banks as per AS)

Auditor's Report On the audit of the annual financial results of the group with the last quarter financial results being balancing figures Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF

.....

1. We have audited the accompanying Statement of Consolidated Financial Results of ("the Parent"/"the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its jointly controlled entities and its share of the net profit/(loss) after tax of its associates for the year ended dd/mm/yyyy ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed/audited by us. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended _____, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to audit/review.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read

with the Companies (Indian Accounting Standards) Rules, 2006, as amended (" Accounting Standards"), the relevant provisions of Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of branches of the Group, subsidiaries, jointly controlled entities and associates referred to in paragraph 6 below, the Statement:

a. includes the results of the following entities: **(to indicate list of entities included in the consolidation)**;

b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure as at _____, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed/audited by us; and

c. gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Accounting Standards, RBI Guidelines and other accounting principles generally accepted in India of the consolidated net [profit/loss] and other financial information of the Group for the year ended dd/mm/yyyy.

5. [Insert Emphasis of Matter paragraph]. Our opinion is not qualified in respect of this matter

6. We did not audit the financial statements / financial information of _____ branches included in the standalone financial statements of the entities included in the Group whose financial

statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX and total revenues of Rs. _____ and total net profit / (loss) after tax of Rs. _____ and cash flows (net) of Rs. _____ for the year ended on that date, as considered in the respective standalone financial statements of the entities included in the Group. The financial statements / financial information of these branches have been audited by the branch auditors and other auditors whose reports have been furnished to us or other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors and other auditors and the procedures performed by us as stated in paragraph 3 above.

We did not audit the financial statements / financial information of _____ subsidiaries and _____ jointly controlled entities included in the consolidated financial results, whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenues of Rs. _____, total net profit / (loss) after tax of Rs. _____ and cash flows (net) of Rs. _____ for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net profit/loss of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial results, in respect of _____ associates , whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our opinion on the Statement is not modified in respect of the above matters⁸¹.

7. The consolidated financial results includes the unaudited financial statements / financial information of _____ branches included in the standalone financial statements of the entities included in the Group whose financial statements / financial information reflect total assets of Rs. _____ as at 31st March, 20XX and total revenues of Rs. _____, total net profit / (loss) after tax of Rs. _____ and cash flows (net) of Rs. _____ for the year ended on that date, as considered in the respective standalone financial statements of the entities included in the Group. These financial statements/ financial information are unaudited and have been furnished to us or other auditors by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

The consolidated financial results includes the unaudited financial statements/ financial information of _____ subsidiaries and _____ jointly controlled entities, whose financial statements/ financial information reflect total assets of Rs. _____ as at 31st March, 20XX, total revenue of Rs. _____, total net profit/(loss) after tax of Rs. _____ and cash flows (net) of Rs. _____ for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of net profit/(loss) after tax of Rs. _____ for the year ended 31st March, 20XX, as considered in the consolidated financial results, in respect of _____ associates, whose financial statements / financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements/financial information. In our opinion and

according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matter.

8. The Statement includes the results for the quarter ended dd/mm/yyyy being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us. [Use this paragraph where the quarters were subjected to a limited review].

[OR]

The Statement includes the results for the quarter ended dd/mm/yyyy being the balancing figure between audited figures in respect of the full financial year and the published audited year to date figures up to the third quarter of the current financial year. [Use this paragraph where the quarters were audited].

For XYZ & Co.

Chartered Accountants

Signature

(Name of the member signing the audit report) (Designation)85

(Membership Number)

CIRCULAR

CIR/CFD/CMD-1/142/2018

November 19, 2018

Sub: Disclosure of reasons for delay in submission of financial results by listed entities

1. Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), *inter-alia*, specifies timelines for submission of financial results by listed entities. Accordingly, the quarterly and annual financial results are to be submitted by listed entities to stock exchanges within forty-five/sixty days from the end of the quarter/financial year. It is expected that the listed entities shall adhere to the aforesaid timelines for submission of financial results.

2. In case of non-compliance of various provisions of the Listing Regulations including non-submission / delayed submission of financial results, SEBI has prescribed a standard operating procedure (*providing for levy of penalties, freezing of promoter shareholding, suspension of trading ,etc.*) through certain circulars, the latest being the circular dated May 3, 2018. Such penalties, freezing of promoter shareholding, etc. act as deterrents for listed entities to delay disclosure of their financial results.

3. Nevertheless, wherever there were delays in submission of financial results by certain listed entities to the stock exchanges in the past, while the fact of delay was intimated by the listed entity, the reasons for the same were not disclosed / were not brought out clearly. In such cases, the investors were often left unaware as to the reasons for such delays which may have had an impact on their investment decision. Hence, a need for disclosure by listed entities of reasons for delay in submission of financial results arises.

4. Accordingly, **if any listed entity does not submit its financial results in accordance with the timelines specified in Regulation 33 of Listing Regulations, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results as required under Regulation 33.** However, if the decision to delay the results was taken by the listed entity prior to the due date, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of such decision.

5. The Stock Exchanges are advised to bring the provisions of this circular to notice of the listed entities and also to disseminate it on their websites.

CIRCULAR

CIR/CFD/CMD/56/2016

May 27, 2016

Sub: Disclosure of the Impact of Audit Qualifications by the Listed Entities

1. SEBI has put in place a mechanism to review the audit qualifications contained in the audit reports of the listed entities. The detailed procedure for the same has been prescribed in Schedule VIII read with Regulation 33 and Regulation 52 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and SEBI circular no. CIR/CFD/CMD/15/2015 dated November 30, 2015.

2. In consultation with SEBI Advisory Committees, Institute of Chartered Accountants of India ('ICAI'), Stock Exchanges and Industry Bodies, it has been decided to streamline the existing process as follows:

(i) to make the listed entities disseminate the cumulative impact of all the audit qualifications in a separate format, simultaneously, while submitting the annual audited financial results to the stock exchanges. This will ensure that the information is available to the investors, without delay, enabling them to take well informed investment decisions;

(ii) to dispense with the existing requirement of filing Form A or Form B for audit report with unmodified or modified opinion respectively;

(iii) to dispense with the existing requirement of making adjustment in the books of accounts of the subsequent year.

3. In this context, necessary amendments to the Listing Regulations have already been notified. A copy of the notification is available on the SEBI Website www.sebi.gov.in.

4. The operational details for implementing the aforesaid amendments shall be as under:

4.1. For audit reports with unmodified opinion, the listed entity shall furnish a declaration to that effect to the stock exchange(s) while submitting the annual audited financial results.

4.2. For audit reports with modified opinion, a statement showing impact of audit qualifications shall be filed with the stock exchanges in a format as specified in **Annexure I**.

4.3. The management of the listed entity shall have the option to explain its views on the audit qualifications;

4.4. Where **the impact of the audit qualification is not quantified by the auditor, the management shall make an estimate.** In case the management is unable to make an estimate, **it shall provide reasons for the same. In both the scenarios, the auditor shall review and give the comments.**

4.5. The aforesaid statements on impact of audit qualifications filed by the listed entities shall be a part of regular monitoring by the stock exchanges as specified in Regulation 97 of the Listing Regulations. In case of non-compliance, the stock exchanges shall take action against such entities as deemed fit and report to SEBI on a regular basis.

The stock exchanges shall coordinate with one another in case the scrip is listed on more than one stock exchange.

5. The clause 3 (g) of the aforesaid SEBI circular no. CIR/CFD/CMD/15/2015 dated November 30, 2015 stands deleted.

6. This circular shall be applicable for all the annual audited standalone / consolidated financial results, as applicable, submitted by the listed entities for the period ending on or after March 31, 2016.

7. The stock exchanges are advised to ensure compliance with this circular and bring the provisions of this circular to the notice of listed entities and also to disseminate the same on their websites.

8. This circular is being issued in exercise of powers conferred under Section 11 and Section 11A of the Securities and Exchange Board of India Act, 1992 read with Regulation 33, Regulation 52, and Regulation 101 (2) of the Listing Regulations.

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
<i>I</i>	<i>Sl. No</i>	<i>Particulars</i>	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income		
	2	Total Expenditure		
	3	Net Profit/(Loss)		
	4	Earnings Per Share		
	5	Total Assets		
	6	Total Liabilities		
	7	Net Worth		
	8	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately): a. Details of Audit Qualification: b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion c. Frequency of qualification : Whether appeared first time / repetitive / since how long continuing d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification : (ii) If management is unable to estimate the impact, reasons for the same : (iii) Auditors' Comments on (i) or (ii) above :			

///	<p>Signatories:</p> <ul style="list-style-type: none"> ☑ CEO/Managing Director ☑ CFO ☑ Audit Committee Chairman ☑ Statutory Auditor <p>Place:</p> <p>Date:</p>
Informal Guidance	
<p>Brief Facts:-</p> <p>Minda Industries Limited is a public company, incorporated under the provisions of Companies Act, 1956 and its shares are listed on National Stock Exchange and Bombay Stock exchange.</p> <p>Minda Industries Limited has filed two independent composite schemes of amalgamation as follows:-</p> <p>Scheme 1: Amalgamation with Harita Limited, Harita Venue Private Limited, Harita Cheema Private Limited, Harita Financial Services Limited and Harita Seating Systems Limited (collectively known as "Harita Seating"). The appointed date of the amalgamation is April 01, 2019 or such other date as may be fixed by NCL T.</p> <p>Scheme 2: Amalgamation with its 4 wholly owned subsidiaries i.e. M J Casting Limited, Minda Distribution and Services Limited, Minda Auto Components Limited and Minda Rinder Pvt. Ltd. (collectively referred 'as "Transferor Companies"). The appointed date of the amalgamation is April 01, 2019.</p> <p>MCA vide its General Circular 09/2019 has clarified that the appointed date as stated in the scheme of amalgamation will be considered as the acquisition date for accounting as per Ind AS irrespective of the date of receiving the requisite regulatory approvals.</p> <p>Queries:-</p> <p>With respect to Scheme 1, you have sought the following clarifications for preparation of the standalone financial results of Minda Industries Limited for Quarter 4 of FY 2019-2020 (04 2020) under Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("LODR"), in case the approval of NCLT is received in Q4 2020.</p> <p>Standalone financial results of Minda Industries Limited would already be prepared, declared and published for the period covering April 2019 to December 2019. Since the effect of the amalgamation is required to be given with effect from April 01, 2019, will the results of Harita Seating for the period covering April 2019 till December 2019 be included in the standalone results of Minda Industries Ltd. for 04 2020?</p> <p>Is there a need to restate the comparative numbers of Quarter 3 of FY 2019- 20 (03 2020) while preparing the standalone financial results for Q4 2020 of Minda Industries Limited, after including the results of Harita Seating for 03 2020?</p>	

While preparing the quarterly standalone financial results for FY 2020-21, do the standalone financial results of Minda Industries Ltd. for the comparative quarters of FY 2019-20 need to be restated i.e. for financial results of Q1, Q2, Q3 of FY 2020 - 21, is there a need to restate the standalone financial results of Q1, Q2, Q3 of FY 2019 - 20 which were prepared and published without the inclusion of financial results of Harita Seating?

With respect to Scheme 2, you have sought following clarifications for preparation of the standalone financial results of Minda Industries Ltd. for Quarter 4 of FY 2019- 2020 (Q4 2020) under Regulation 33 of LODR, in case the approval of NCLT is received in Q4 2020:

Standalone financial results of Minda Industries Limited would already be prepared, declared and published till Q3 2020. While preparing the standalone financial results for Q4 2020 of Minda Industries Limited, will the effect of results of 4 wholly owned subsidiaries results till Q3 2020 be included in the standalone results of Minda Industries Limited for Q4 2020?

Will only the Q4 2020 results of 4 wholly owned subsidiaries results be included in the Q4 2020 results of Minda Industries Limited?

Is there a need to restate the comparative standalone financial results of Q3 2020 and Q3 2018 - 19 (Q3 2019) of Minda Industries Limited after including the results of Minda Industries Limited after including the results of Q3 2020 and Q3 2019 of 4 wholly owned subsidiaries?

While preparing quarterly standalone financial results for FY 2020-21, do the standalone financial results of Minda Industries Ltd. for the comparative quarters of FY 2019-20 need to be restated i.e. for financial results of Q1, Q2, Q3 of FY 2020- 21, is there a need to restate the standalone financial results of Q1, Q2, Q3 of FY 2019 - 20 which were prepared and published without the inclusion of financial results of four subsidiaries stated above?

Informal Guidance:-

We have considered the submissions made by you in your letter under reference and without necessarily agreeing with your analysis, our views in respect of the guidance sought by you are as under:-

i) With regard to financial results, listed entities are required to comply with the regulatory requirements as laid down in Regulation 33 of LODR.

ii) The Ind AS 1 (Presentation of Financial Results) *inter-alia* provides that:

Financial statements shall present a true and fair view of the financial position, financial performance and cash flows of an entity. Presentation of true and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Ind ASs, with additional disclosure when necessary, is presumed to result in financial statements that present a true and fair view.

An entity whose financial statements comply with Ind ASs shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with Ind ASs unless they comply with all the requirements of Ind Ass.

Section 129 of the Companies Act, 2013 in reference to financial statements states that *the*

financial statements shall give a true and fair view of the state of affairs of the company or companies. comply with the accounting standards notified under section 133.

Regulation 48 of LODR provides that listed entities are required to comply with all the applicable and notified Accounting Standards. SEBI vide Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 05, 2016 has prescribed the formats for publishing of Financial Results.

Regulation 4 (1) (b) of LODR states that:-

"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"

In view of the above, you are required to comply with the aforesaid principles and regulatory obligations in preparation and furnishing of quarterly standalone results of the company. In addition to the same, in case of business combination of common control entities, you are required to follow Appendix C para 9(iii) of Ind AS 103 which provides that:-

The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The above position is based on the information furnished in your letter under reference. Different facts or conditions may lead to a different result. Further, this letter does not express a decision of the Board on the question referred.

ANNUAL REPORT

34(1)	<p>The listed entity shall submit to the stock exchange and publish on its website -</p> <p>(a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting <u>not later than the day of commencement of dispatch to its shareholders;</u></p> <p>(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.</p> <p>(Note:- applicable for Annual report filed for the year ended March 31, 2019 and thereafter)</p>	<p>Check-</p> <ol style="list-style-type: none"> 1. Website of the Stock Exchange and of the company to ensure that the Annual report is submitted to the Stock Exchange not later than the day of commencement of dispatch to its shareholders. 2. If there is any change to the Annual Report-if yes then a revised copy shall not be sent later than 48 hrs. of the Annual General Meeting.
34(2)	<p>The Listed entity shall submit to the Stock Exchange and publish on its website:-</p> <p>(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;</p>	<ol style="list-style-type: none"> 1. Check whether company has submitted to the stock exchange as well as publish in its website the annual report 2. Whether the annual report contains the details as prescribed in Regulation no. 34(2)

	<p>(b) consolidated financial statements audited by its statutory auditors;</p> <p>(c) cash flow statement presented only under <u>the indirect method</u> 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;</p> <p>(d) directors report;</p> <p>(e) management discussion and analysis report - either as a part of directors report or addition thereto;</p> <p>(f) for the top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year), <u>business responsibility report</u> 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.</p> <p>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</p>							
34(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.							
<p style="text-align: center;">SCHEDULE V: ANNUAL REPORT [See Regulation 34(3) and 53(f)]</p> <p>The annual report shall contain the following additional disclosures:</p> <p>A. Related Party Disclosure:</p> <p>1. The listed entity shall make disclosures in compliance with the Accounting Standard on "Related Party Disclosures".</p> <p>2. The disclosure requirements shall be as follows</p> <table border="1" data-bbox="188 1742 1353 1921"> <thead> <tr> <th data-bbox="188 1742 279 1848">Sr. no.</th> <th data-bbox="279 1742 539 1848">In the accounts of</th> <th data-bbox="539 1742 1353 1848">Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.</th> </tr> </thead> <tbody> <tr> <td data-bbox="188 1848 279 1921">1</td> <td data-bbox="279 1848 539 1921">Holding Company</td> <td data-bbox="539 1848 1353 1921">Loans and advances in the nature of loans to subsidiaries by name and amount.</td> </tr> </tbody> </table>			Sr. no.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.	1	Holding Company	Loans and advances in the nature of loans to subsidiaries by name and amount.
Sr. no.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.						
1	Holding Company	Loans and advances in the nature of loans to subsidiaries by name and amount.						

		Loans and advances in the nature of loans to associates by name and amount. Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount
2	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company.
3	Holding Company	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.

For the purpose of above disclosures directors' interest shall have the same meaning as given in Section 184 of Companies Act, 2013.

126[(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 chairperson¹²⁸], 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.

Annual Information Memorandum

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.
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Comments:- The primary objective of Annual Information Memorandum (AIM) is to provide Investors with accurate and relevant information about the financial and operating performance of the company. AIM would be comprehensive in nature and will provide investors with detailed information at one place about the company, thereby assisting in making of informed investment decisions. SEBI, vide an amendment dated October 12, 2012, to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 inserted Regulation 51A. As per the said regulation, the disclosures made in the red herring prospectus while making an initial public offer, shall be updated on an annual basis by the issuer and shall be made publicly accessible in the manner specified by the Board.

DOCUMENTS AND INFORMATION TO SHAREHOLDERS

36(1)	<p>The listed entity shall send the annual report in the following manner to the shareholders:</p> <p>(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;</p> <p>(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;</p> <p>(c) Hard copies of full annual reports to those shareholders, who request for the same.</p>	<ol style="list-style-type: none"> 1. Check the dispatch details of annual report/ statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013. 2. Check Investor compliant and its resolve regarding non-receipt of Annual Report. 3. Check shareholder's request for any particular mode of sending the annual report.
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Comments:- This regulation directs listed entity to send hard copies of statement containing the salient features of annual report to those shareholders, who have not registered their e-mail id either with the company or with their depository.

However, the regulation does not prescribe any particular mode of sending. As per proviso to the Section 20(2) of the Companies Act, 2013, a member may request for delivery of any document

through a particular mode, for which he shall pay such fees as may be determined by the company in its annual general meeting.		
36(2)	The listed entity shall send annual report referred to in sub-regulation (1), to the holders of securities, <u>not less than twenty-one days before the annual general meeting.</u>	Check posting proof to ensure that the Annual report is sent within 21 days before the AGM
36(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 <u>listed entities in which the person also holds the directorship</u> and the <u>membership of Committees</u> of the board; and (e) shareholding of non-executive directors.	In case of Appointment of a new director or re-appointment of a director check the Notice of the General meeting regarding the information as specified in this sub regulation.
Comments:- As per Regulation 26(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		
36(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.	Check whether company has submitted information through XBRL for all those information/documents which required to be disclosed in XBRL mode.
36(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	In case of appointment /reappointment of the auditor, check that explanatory statement to the notice of the Annual General Meeting shall have disclosures as

	<p>following disclosures as a part of the explanatory statement to the notice:</p> <p>(a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, <u>any material change in the fee payable to such auditor from that paid to the outgoing auditor</u> along with the rationale for such change;</p> <p>(b) <u>Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.</u></p>	<p>to Proposed fee , terms of appointment and material change between the fee paid to the new auditor and the outgoing auditor, basis of appointment and his credentials.</p>
DRAFT SCHEME OF ARRANGEMENT & SCHEME OF ARRANGEMENT		
37(1)	<p>Without prejudice to provisions of regulation 11, the listed entity desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement, <u>shall file the draft</u> 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) <u>for obtaining Observation Letter or No-objection letter, before filing such scheme with any Court or Tribunal</u>, in terms of requirements specified by the Board or stock exchange(s) from time to time.</p>	<p>Whether there is any scheme of arrangement during the financial year under scrutiny. If yes, check whether company has filed the draft scheme of arrangement before filling the same to the NCLT/Court</p>
<p>Comments:- Section 66 of the Companies Act empowers companies to reduce its capital, if so desired subject to confirmation by the Tribunal. The listed entity is under an obligation to file with the Stock Exchange the draft scheme proposed to be filed with NCLT under section 391-394 and 101 of the Companies Act, 1956 or under Sections 230-234 and Section 66 of Companies Act, 2013, whichever applicable.</p>		
37(2)	<p>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 applicable, with any Court or Tribunal unless it has obtained observation letter or No-objection letter from the stock exchange(s).</p>	<p>Check whether company has obtained observation letter or No-objection letter from the stock exchange before filling the scheme to the NCLT/Court</p>
37(3)	<p>The listed entity shall place the Observation letter or No-objection letter of the stock</p>	<p>1. Check whether company has filed the scheme within 6</p>

	exchange(s) <u>before the Court or Tribunal</u> 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.	months from the date of issuance of observation letter or No-objection letter 2. Check whether the observation letter or No-objection letter is filed with the Scheme to the NCLT/Court
37(4)	The listed entity shall ensure compliance with the other requirements as may be prescribed by the Board from time to time	
37(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.	
37(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.	
37(7)	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	
Comments:- When there is no further issue of shares (proposed to be listed) or no reduction of capital, the scheme shall be filed with the stock exchanges for the purpose of disclosure only and Stock exchange will not issue any observation letter thereof.		
Schedule XI – Fee in respect of draft scheme of arrangement [see regulations 37 and 94]		
1. The listed entity shall, along with the draft scheme of arrangement, remit 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 cap of 5,00,000/-.		
2. The fee specified in clause 1 shall be paid by way of direct credit to the bank account of the Board 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.		
CIRCULAR		
CFD/DIL3/CIR/2017/21		March 10, 2017
Sub: Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957		
1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") place obligations with respect to Scheme of Arrangement on Listed Entities and Stock Exchange(s) in Regulation 11, 37 and 94.		
2. Regulation 11 of the listing regulations, inter-alia, provides 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 Exchanges. Regulation 37 of listing regulations provides that the listed entities desirous of undertaking scheme of arrangement or involved in a scheme of arrangement		

shall file the draft scheme with Stock Exchange(s) for obtaining Observation Letter or No-objection Letter, before filing such scheme with any court or Tribunal. Regulation 94 of the listing regulations requires Stock Exchanges to forward such draft schemes to SEBI in the manner prescribed by SEBI.

3. SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 lays down the detailed requirements to be complied with by listed entities while undertaking schemes of arrangements.

4. Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as "the SCRR") provides that Securities and Exchange Board of India (SEBI) may, at its own discretion or on the recommendation of a recognised Stock Exchange, waive or relax the strict enforcement of any or all of the requirements with respect to listing prescribed by these rules.

5. In consultation with the stock exchanges and market participants, it has been decided to revise the regulatory framework for such schemes of arrangement. Certain regulations as mentioned in this circular have been amended. The details of revised requirements to be complied with are given in **Annexure-I**.

6. **Applicability:** The schemes filed after the date of this circular shall be governed under this circular. The Schemes already submitted to the stock exchange in terms of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, shall be governed by the requirements specified in that circular

7. **The Provisions of this circular shall not apply to schemes which solely provides for merger of a wholly owned subsidiary with the parent company.** However, such draft schemes shall be filed with the Stock Exchanges for the purpose of disclosures and the Stock Exchanges shall disseminate the scheme documents on their websites. An amendment to listing regulations in this regard has already been notified on February 15, 2017.

8. The issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as "the ICDR Regulations"). Relevant amendment to ICDR Regulations in this regard has been notified on February 15, 2017.

9. The listed entity shall pay a fee to SEBI 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 proposed scheme, subject to a cap of Rs.5,00,000. Relevant amendment to Listing Regulations in this regard has been notified on March 06, 2017.

10. The amended regulations have become effective from the date of notification of the amendments.

11. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entities and also to disseminate the same on their website.

12. This circular is issued under Section 11 of the SEBI Act, 1992 and regulations 11, 37 and 94 read with regulation 101(2) of listing regulations and Rule 19(7) of SCRR, 1957.

ANNEXURE I

I. Requirements before the Scheme of arrangement is submitted for sanction by the National Company Law Tribunal (NCLT)

A. Requirements to be fulfilled by Listed Entity

1. Designated Stock Exchange

(a) Listed entities shall choose one of the Stock Exchanges having nationwide trading terminals as the designated Stock Exchange for the purpose of coordinating with SEBI.

(b) For companies listed solely on regional Stock Exchange, wherein exemption from Rule 19(2) (b)

of Securities Contracts (Regulation) Rules, 1957 is sought, the listed entity shall obtain in-principle approval for listing of equity shares on any Stock Exchange having nationwide trading terminals. In cases, wherein exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 is not sought by the listed entity, one of the Stock Exchanges having nationwide trading terminals shall provide a platform for dissemination of information of such Schemes and other documents required under this circular. For such purpose, Stock Exchanges having nationwide trading terminals may charge reasonable fees from such companies.

2. Submission of Documents

The Listed entity shall submit the following documents to the Stock Exchanges:-

- (a) Draft Scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital, etc.;
- (b) Valuation Report as per Para (4) below;
- (c) Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report. The Valuation Report is required to be placed before the Audit Committee of the listed entity;
- (d) Fairness opinion by a SEBI Registered merchant banker on valuation of assets / shares done by the 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 unlisted entity;
- (g) Auditor's Certificate as per Para (5) below;
- (h) Detailed Compliance Report as per the format specified in Annexure IV 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.

3. Conditions for schemes of arrangement involving unlisted entities

In case of schemes of arrangement between listed and unlisted entities, the following conditions shall 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 D of Schedule VIII of the ICDR Regulations, 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 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 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.

4. Valuation Report;

- (a) All listed entities are required to submit a valuation report from an Independent Chartered Accountant.
- (b) However, Valuation Report is not required in cases where there is no change in the shareholding pattern of the listed entity / resultant company.

(c) For the limited purpose of this Circular, 'change in the 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
(d) Further, a few examples illustrating 'no change in shareholding pattern' are indicated below:
(i) In case a listed entity (say, "entity A") demerges a unit and makes it a separate company (say, "entity B");

1) if the shareholding of entity B is comprised only of the shareholders of entity A; and
2) if the shareholding pattern of entity B is the same as in entity A; and
3) every shareholder in entity B holds equity shares in the same proportion as held in entity A before the demerger

(ii) In case a wholly-owned-subsiary (say, "entity X") of a listed entity is merged with its parent listed entity (say, "entity Y"), where the shareholders and the shareholding pattern of entity Y remains the same, it will be treated as 'no change in shareholding pattern'.

For the limited purpose of this Circular, 'resultant company' shall mean a company arising / remaining after the listed entity undertakes a Scheme of Arrangement.

5. Auditor's certificate

(a) An auditors' certificate shall be filed to the effect 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 ICAI, as applicable, and other generally accepted accounting principles.

Provided that in case of companies where the respective sectoral regulatory authorities have prescribed norms for accounting treatment of items in the financial statements contained in the scheme, the requirements of the regulatory authorities shall prevail.

Explanation – For this purpose, mere disclosure of deviations in accounting treatments as prescribed in the aforementioned Accounting Standards and other generally accepted Accounting Principles shall not be deemed as compliance with the above.

(b) The standard format for auditors' certificate would be as per Annexure II.

6. Redressal of Complaints

(a) The Listed entity shall submit to Stock Exchanges a 'Report on Complaints' which shall contain the details of complaints/comments received by it on the Draft Scheme from various sources (complaints/comments written directly to the listed entity or forwarded to it by the Stock Exchanges/SEBI) as per Annexure III of this Circular prior to obtaining Observation Letter from Stock Exchanges on Draft Scheme.

(b) 'Report on Complaints' as mentioned above, shall 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 specified under para (2) above on the websites of Stock Exchanges and the listed entity.

7. Disclosure on the Website

(a) Immediately upon filing of the Draft Scheme of arrangement with the Stock Exchanges, the listed entity shall disclose the Draft Scheme of arrangement and all the documents specified under para (2) above on its website.

(b) Listed entity shall also disclose the Observation Letter of the Stock Exchanges on its website within 24 hours of receiving the same.

8. Explanatory Statement or notice or proposal accompanying resolution sent to shareholders for seeking approval of scheme

(a) The Listed entity shall 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.

(b) The listed entity shall ensure that in the explanatory statement or notice or proposal accompanying resolution to be passed, it shall disclose the pre and post-arrangement or amalgamation, expected capital structure and shareholding pattern, and the "fairness opinion" obtained from a merchant bankers on valuation of assets / shares done by the independent chartered accountant for the listed entity and unlisted entity.

(c) The Listed entity shall upload the 'Report on Complaints' as provided in Para 6 (b) and the 'Compliance Report' as provided in Para 2 (h) above, on the company's website and websites of Stock Exchanges.

9. Approval of Shareholders to Scheme through e- Voting:

(a) The Listed entities shall ensure that the Scheme of Arrangement 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.

(b) 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;

For the purpose of this clause, the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent or more of value of the company in terms of consolidated net worth or consolidated total income during previous financial year as specified in Section 180(1)(a)(i) of the Companies Act, 2013.

For the purpose of this clause, the term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957.

(c) For all other cases, the requirements stated at para (9) (b) above, i.e. approval only by public

shareholders, shall not be applicable. In such cases, the listed entities shall furnish an undertaking certified by the auditor and duly approved by the Board of the company, clearly stating the reasons for non-applicability of para (9) (a) above.

(d) The undertaking as referred to in Para (9)(c) above shall be displayed on the websites of Stock Exchanges and the listed entity along with other documents submitted, as stipulated under Para (2) above.

(e) Any misstatement or furnishing of false information with regard to the said undertaking would be viewed seriously and liable for punitive action as per the provisions of applicable laws and regulations.

10. Subsequent to filing the draft scheme with SEBI, no changes to the draft scheme, except those mandated by the regulators / authorities / tribunal shall be made without specific written consent of SEBI.

B. Obligations of Stock Exchange(s)

1. The designated Stock Exchange, upon receipt of the Draft Scheme of Arrangement and documents referred to at para (A) (2) above shall forward the same to SEBI within three working days.

2. The 'Report on Complaints' shall be forwarded by the Stock Exchanges to SEBI before SEBI communicates its comments on the Draft Scheme to the Stock

Exchanges. Such Report shall be submitted as per the format specified at Annexure III to this Circular.

3. The Stock Exchanges where the specified securities are listed / proposed to be listed shall also disclose on their websites the documents listed at para (A) (2) above immediately on receipt. It shall also disclose the Observation Letter on its website immediately upon issuance.

4. Stock Exchanges shall provide the 'Observation Letter' or 'No-Objection' letter to SEBI on the draft scheme. In case of companies listed exclusively on Regional Stock Exchanges, SEBI shall issue Comment letter upon receipt of Observation Letter' or 'No-Objection' letter from the Designated Stock Exchange. In other cases, SEBI shall issue Comment letter upon receipt of Observation Letter' or 'No-Objection' letter from Stock Exchanges having nationwide trading terminals.

C. Processing of the Draft Scheme by SEBI

1. Upon receipt of Observation Letter' or 'No-Objection' letter from the Stock Exchanges, SEBI shall provide its comments on the Draft Scheme of arrangement to the Stock Exchanges. While processing the Draft Scheme, SEBI may seek clarifications from any person relevant in this regard including the listed entity or the Stock Exchanges and may also seek an opinion from an Independent Chartered Accountant.

2. SEBI shall endeavour to provide its comments on the Draft Scheme to the stock exchanges within 30 days from the later of the following:

(a) date of receipt of satisfactory reply on clarifications, if any sought from the listed entity by SEBI; or

(b) date of receipt of opinion from Independent Chartered Accountant, if sought by SEBI; or

(c) date of receipt of Observation Letter' or 'No-Objection' letter from the Stock Exchanges.

(d) 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.

3. All complaints/comments received by SEBI on the Draft Scheme of arrangement shall be forwarded to the designated Stock Exchange, for necessary action and resolution by the listed

entity.

II. Requirements after the Scheme is Sanctioned by the Hon'ble High Court / NCLT (hereinafter referred to as "Approved Scheme")

1. Submission of Documents

Upon sanction of the Scheme by the Hon'ble High Court / NCLT, the listed entity shall submit the documents mentioned below to the Stock Exchanges:-

- (a) Copy of the High Court/ NCLT approved Scheme;
- (b) Result of voting by shareholders for approving the Scheme;
- (c) Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme of arrangement vis-à-vis the Draft Scheme of arrangement
- (d) Status of compliance with the Observation Letter or No Objection Letter of the Stock Exchange(s)
- (e) The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- (f) Report on Complaints as per Annexure III of this Circular.

III. Application for relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957

A. Requirements to be fulfilled by Listed Entity for Listing of Equity Shares

1. Eligibility conditions for companies seeking relaxation under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957

A listed issuer may submit the Draft Scheme of arrangement under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, thereby seeking relaxation from the strict enforcement of clause (b) to sub-rule (2) of rule 19 thereof, for listing of its equity shares on a recognized Stock Exchange without making an initial public offer, if it satisfies the following conditions:

- (a) The equity shares sought 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 twenty five per cent 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, not covered under the Draft Scheme of arrangement;
- (d) As on date of application, there are no outstanding warrants/ instruments/ agreements which give right to any person to take the 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
- (e) 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.

2. Additional conditions for entities seeking relaxation under sub-rule (7) of rule 19 of the

Securities Contracts (Regulation) Rules, 1957

Stock Exchanges shall ensure that, an unlisted issuer may make an application to the Board under sub-rule (7) of rule 19 of the SCRR, pursuant to Part III of Annexure I this Circular if it satisfies the following 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.

3. In case of a scheme involving hiving-off of a division from a listed entity 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 twenty percent 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.

4. The listed entity and/or transferee entity (unlisted entity), as applicable, shall ensure that it has completed steps for listing of its specified securities, within thirty days of the receipt of the order of the Hon'ble High Court/ NCLT sanctioning the Scheme, simultaneously on all the Stock Exchanges where the equity shares of the listed entity (or transferor entity) are/were listed.

5. It shall be ensured that trading in securities commences within forty five days of the order of the Hon'ble High Court/ NCLT. Before commencement of trading, 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, giving 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
- (e) Such other information as may be specified by the Board from time to time.

B. Application by a listed entity for Listing of Equity Shares with Differential Rights as to Dividend, Voting or Otherwise:

A listed entity desirous of listing of 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 the Board under sub-rule (7) of rule 19 of the SCRR seeking relaxation from strict enforcement of clause (b) to sub-rule (2) of rule 19 thereof 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 already listed and the equity shares with differential rights proposed to be listed; and
- (c) the issuer undertakes to disclose the shareholding pattern of the equity shares with differential rights separately in terms of requirements of regulation 31 of listing regulations.

C. Application by a listed entity for Listing of warrants Offered Along With Non-Convertible Debentures (NCDs):

A listed entity, desirous of listing of its warrants without making an initial public offer of warrants, may make an application to the Board under sub-Rule (7) of rule 19 of the SCRR seeking relaxation from strict enforcement of clause (b) to sub-rule (2) of rule 19 if it satisfies the following conditions:

- (a) warrants are issued as combined offering of NCDs and warrants through qualified institutions placement under Chapter VIII of the ICDR Regulations;
- (b) the issuer is in compliance with all the provisions of Chapter VIII of the ICDR Regulations ; and
- (c) NCDs and warrants shall be traded in the minimum trade lot of one lakh rupees.

D. Requirements to be fulfilled by Stock Exchange(s)

1. The designated Stock Exchange shall forward the documents to the Board along with its recommendations on documents and recommendation, if applicable, on the application for granting exemption, under sub-rule (7) of rule 19 of SCRR.

E. Processing of the Scheme by SEBI

1. The Board may, while granting relaxation, if any, under sub-rule (7) of rule 19 of SCRR, stipulate any other conditions as may be deemed necessary in the interest of investors and securities market, under the facts and circumstances of the specific case.
2. SEBI shall endeavour to intimate its comments/approval, wherever applicable, to the designated Stock Exchange within 30 days of receipt of complete information, including the no-objection certificate from the Stock Exchange.

**ANNEXURE II
Format for Auditor's Certificate**

To,
The Board of Directors,

.....
(Name and address of the Company)

We, the statutory auditors of (name of the listed entity), (hereinafter referred

to as "the Company"), have examined the proposed accounting treatment specified in clause (specify clause number) of the Draft Scheme of (specify the type of Scheme) between (names of the companies/entities involved) in terms of the provisions of section(s) (specify the relevant section(s)) of the Companies Act, 1956/ Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 1956/ Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 1956/ Companies Act, 2013 and/or the accounting treatment in respect of (specify the financial statement item(s)) as prescribed by (name of the regulator) vide its Notification (details of the Notification) which prevail over the accounting treatment for the same as prescribed under the aforesaid Accounting Standards (wherever applicable), except the following:

This Certificate is issued at the request of the (name of the Company) pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the (name of the Stock Exchange(s)). This Certificate should not be used for any other purpose without our prior written consent.

For

.....
(name of the Firm)

Chartered Accountants

Firm Registration No.:

Signature

(Name of the member)

Designation (Partner or proprietor, as may be applicable):

Membership Number:

Place:

Date:

ANNEXURE III
Format for Report on Complaints
Part A

Sr. No.	Particulars	Number
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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	

Part B

Sr. No.	Name of complainant	Date of Complaint	Status (Resolved/pending)

CIRCULAR

CFD/DIL3/CIR/2017/26

March 23, 2017

Sub: Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957

1. This is with reference to SEBI Circular No.CFD/DIL3/CIR/2017/21 dated March 10, 2017 on the captioned subject.
2. Para 8 of the aforesaid circular provides that the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be followed in case of issuance of shares to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes. **It is now clarified that the 'relevant date' for the purpose of computing pricing shall be the date of Board meeting in which the scheme is approved.**
3. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entities and also to disseminate the same on their website.
4. This circular is issued under Section 11 of the SEBI Act, 1992 and regulations 11, 37 and 94 read with regulation 101(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 19(7) of Securities Contracts (Regulation) Rules, 1957.

CIRCULAR

CFD/DIL3/CIR/2017/105

September 21, 2017

Sub: Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957

1. SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 lays down the framework for Schemes of Arrangement by Listed Entities and relaxation under Rule 19 (7) of the Securities Contracts (Regulation) Rules, 1957 (SCRR).
2. Clause III (A)(1)(b) of Annexure I of the aforesaid circular provides that at least twenty five per cent of the post-scheme paid up share capital of the transferee entity seeking relaxation from Rule 19(2)(b) of SCRR shall comprise of shares allotted to the public shareholders in the transferor entity.
3. In order to align the requirements specified for listing under schemes of arrangement under Clause III (A)(1)(b) of Annexure I of the Circular with those specified under Rule 19(2)(b) of SCRR, it has been decided to amend Clause III (A)(1)(b) of Annexure I of Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as under:

“(b) At least twenty five per cent 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;

*Provided that an entity which **does not comply with the above requirement may satisfy the following conditions:***

i. The entity has a valuation in excess of Rs.1600 crore as per the valuation report;

ii. The value of post-scheme shareholding of public shareholders of the listed entity in the transferee entity is not less than Rs.400 crore;

iii. At least ten percent of the post-scheme paid up share capital of the transferee entity comprises of shares allotted to the public shareholders of the transferor entity; and,

iv. The entity shall increase the public shareholding to at least 25% within a period of one year from the date of listing of its securities and an undertaking to this effect is incorporated in the scheme”

4. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entities and also to disseminate the same on their websites.

5. This circular is issued under Section 11 of the SEBI Act, 1992 and Regulations 11, 37 and 94 read with Regulation 101(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 19(7) of Securities Contracts (Regulation) Rules, 1957.

CIRCULAR

CFD/DIL3/CIR/2018/2

January 03, 2018

Sub: Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957

1. SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 has laid down the framework for Schemes of Arrangement by Listed Entities and relaxation under Rule 19 (7) of the Securities Contracts (Regulation) Rules, 1957.

2. SEBI has received representations suggesting improvements to the existing regulatory framework governing scheme of arrangement. Considering the above and in order to expedite the processing of draft schemes and to prevent misuse of schemes to bypass regulatory requirements, it has been decided to make certain amendments to the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as provided in the Annexure.

3. The Stock Exchanges are advised to bring the provisions of this circular to the notice of Listed Entities and also to disseminate the same on their websites.

4. This circular is issued under Section 11 of the SEBI Act, 1992 and Regulations 11, 37 and 94 read with Regulation 101(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 19(7) of Securities Contracts (Regulation) Rules, 1957.

Annexure

Amendments to Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('the circular')

1. Amendment to Para 7

Para 7 of the circular shall be replaced with the following:

“7. The Provisions of this circular shall not apply to schemes which solely provides for merger of a wholly owned subsidiary or its division with the parent company. However, such draft schemes shall be filed with the Stock Exchanges for the purpose of disclosures and the Stock Exchanges shall disseminate the scheme documents on their websites.”

2. Insertion of Para (I)(A)(2A)

Following Para shall be inserted after Para (I)(A)(2) of Annexure I to the circular:

"The valuation report referred to in Para 2(b) above and the Fairness opinion referred to in Para 2(d) above shall be provided by Independent Chartered Accountant and Independent SEBI Registered Merchant Banker respectively. The chartered accountant and the merchant banker referred herein shall not be treated as independent in case of existence of any material conflict of interest among themselves or with the company, including that of common directorships or partnerships."

3. Amendment to Para(I)(A)(3)(b)

Para (I)(A)(3)(b) of Annexure I of the circular shall be replaced with the following:

"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%."

4. Deletion of Para (II)

Para (II) of Annexure I to the circular shall stand repealed.

5. Amendment to Para(III)(A)(3)

Para (III)(A)(3) of Annexure I of the circular shall be replaced with the following:

"3. 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 twenty percent 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.

Provided that the shares locked-in under this clause 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;

Provided further that the shares locked-in under this clause may be transferred 'inter-se' among promoters in accordance with the conditions specified under Regulation 40 of ICDR Regulations.

Provided further that shares presently under lock-in as per the provisions of earlier circulars shall also be governed by the provisions of this clause"

6. Deletion of Para (III)(A)(4)

Para (III)(A)(4) of Annexure I to the circular shall stand repealed.

7. Amendment to Para(III)(A)(5)

Para (III)(A)(5) of Annexure I of the circular shall be replaced with the following:

"5. It shall be ensured that steps for listing of specified securities are completed and trading in securities commences within sixty days of receipt of the order of the Hon'ble High Court/ NCLT, simultaneously on all the Stock Exchanges where the equity shares of the listed entity (or transferor entity) are/were listed. Before commencement of trading, 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, giving following details:"

Informal Guidance

Brief Facts:- Renaissance Jewellery Limited (RJL) is a company listed on BSE and NSE and has an unlisted Wholly Owned Subsidiary (WOS) viz. N. Kumar Diamond Exports Limited (NKDEL). House Full International Limited (HFIL) is a subsidiary of NKDEL wherein NKDEL holds 3 crore equity shares and RJL holds 1.5 crore equity shares and 1 crore preference shares of HFIL. Total capital of HFIL is jointly held by NKDEL and RJL in the ratio of approx. 55:45. NKDEL and HFIL is desirous of getting merged with RJL.

Regulation 37 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (LODR), *inter-cilia*, exempts the schemes, which solely provide for merger of a WOS with its holding company, from the requirement of filing draft scheme with SEBI/ stock exchanges for comments.

Query:

Based on the above, you have sought our guidance on whether the proposed amalgamation of NKDEL and HFIL with RJL is exempted under Regulation 37 of LODR

Informal Guidance:-

We have considered the submissions made by you in your letter under reference. Without necessarily agreeing to your analysis, our views on the queries raised by you are as under:

NKDEL is a WOS of RJL and HFIL is a subsidiary of NKDEL in which NKDEL holds 55% of share capital and balance 45% is held by RJL. Since whole of the share capital of HFIL is held directly (45%) or indirectly (55% through NKDEL) by RJL, HFIL shall be considered as WOS of RJL for the purpose of LODR.

In view of the above, the proposed amalgamation of NKDEL and HFIL with RJL would be governed by Regulation 37(6) of LODR if the scheme solely provides for amalgamation of NKDEL and HFIL with RJL.

MINIMUM PUBLIC SHAREHOLDING

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.	Not applicable in case of institutional trading platform Listing
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CIRCULAR

CFD/CMD/CIR/P/2017/115

October 10, 2017

Sub: Non-compliance with the Minimum Public Shareholding (MPS) requirements

1. Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") mandates a listed entity to comply with the Minimum Public Shareholding("MPS") requirements specified in rules 19(2) and 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time.

2. In terms of sub regulation (1) of regulation 97 of the Listing Regulations, recognized Stock

Exchanges are mandated to monitor compliance by listed entities with the provisions of the Listing Regulations.

3. Sub regulations (1) and (2) of regulation 98 of Listing Regulations *inter-alia* specify the liability of a listed entity or any other person for contravention and action which can be taken by the respective recognized stock exchange and the revocation of such action, in the manner specified by the Board.

4. In order to maintain consistency and uniformity of approach in the enforcement of MPS norms mandated under regulation 38 of the Listing Regulations, the below mentioned procedure shall be followed by the recognised stock exchanges/depositories, as applicable, with respect to non-compliant listed entities, their promoters and directors:

4.1. The recognized stock exchanges shall review compliance with MPS requirements based on shareholding pattern/ other filings made with them by the listed entities from time to time. Within 15 days from date of observation of non-compliance, the stock exchanges shall issue notices to such entities intimating all actions taken/ being taken as per this circular and advise the entities to ensure compliance.

4.2. On observing non-compliance:

4.2.1. The recognized stock exchange shall impose a fine of ₹5,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

4.2.2. The recognized stock exchange shall intimate the depositories to freeze the entire shareholding of the promoter and promoter group in such listed entity till the date of compliance by such entity. The above restriction shall not be an impediment for the entity for compliance with the minimum public shareholding norms through the methods specified/approved by SEBI.

4.2.3. The promoters, promoter group and directors of the listed entity **shall not hold any new position as director in any other listed entity till the date of compliance by such entity**. An intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

4.3. In cases where the listed entity continues to be non-compliant for a period more than one year:

4.3.1. The recognized stock exchange shall impose an increased fine of ₹10,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

4.3.2. The recognized stock exchange shall intimate the depositories to freeze all the securities held in the Demat account of the promoter and promoter group till the date of compliance by such entity. The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/approved by SEBI.

4.3.3. Direction as per clause 4.2.3 above shall continue till the date of compliance by such entity.

5. The recognized stock exchange may also consider compulsory delisting of the non-compliant listed entity in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time.

6. The recognized stock exchanges may keep in abeyance the action or withdraw the action in specific cases where specific exemption from compliance with MPS requirements under the Listing Regulations/ moratorium on enforcement proceedings has been provided under any Act, Court/Tribunal Orders etc.

7. In case it is observed that the listed entity has adopted a method for complying with MPS requirements which is not prescribed by SEBI under clauses (2)(i) to (vi) under SEBI circular No. CIR/CFD/CMD/14/2015 dated November 30, 2015 and approval for the same has not been obtained

from SEBI under clause 2 (vii) of the said circular, the recognized stock exchanges shall refer such cases to SEBI.

8. With respect to the fines as stated above:

8.1. The amount of fine realized as per the above structure shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.

8.2. If any non-compliant listed entity fails to pay the fine despite receipt of the notice as stated above, the recognized stock exchange may initiate appropriate action.

9. Upon intimation of compliance by the listed entity with the MPS requirements, the concerned recognized stock exchange shall, on being satisfied of such compliance:

9.1. intimate the depositories to unfreeze the shares and other securities of the promoter and promoter group of the listed entity.

9.2. Intimate the listed entity that directions imposed in terms of clause 4.2.3 above shall not continue and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

9.3. Disseminate the information in its website regarding the compliance achieved by the listed entity.

10. The recognized stock exchanges shall periodically disclose on their website the following–

10.1. Names of non-compliant entities, amount of fine imposed, freezing of shares held by the promoters and promoter group and other actions taken against the entity;

10.2. Status of compliance including details regarding fine paid by the entity.

11. The recognized stock exchanges may, having regard to the interests of investors and the securities market, take appropriate action in line with the principles and procedures laid down in this Circular. Any deviation, therefore, should not dilute the spirit of the policy contained herein and may be made on reasonable grounds to be recorded in writing.

12. In order to ensure effective enforcement of the Listing Regulations, the depositories, on receipt of intimation from concerned recognized stock exchange shall freeze or unfreeze the shareholding of the promoter and promoter group in such entity and the other securities held by them, as applicable.

13. The actions specified in this Circular are without prejudice to the power of SEBI to take action under the securities laws for violation of the MPS requirements.

14. The Stock Exchanges are advised to bring the provisions of this Circular to the notice of listed entities and also to disseminate the same on its website.

15. This Circular shall come into force with immediate effect.

16. For entities which are non-compliant as on date of this circular:

16.1. The stock exchanges shall undertake such action as prescribed under clause 4.2 or clause 4.3 of this circular depending on the period of non-compliance by the entity. However, the fines, as applicable, shall be imposed prospectively from the date of this circular.

16.2. The provisions of this circular shall not apply to those entities where orders have already been passed by SEBI under provisions of Securities and Exchange Board of India Act, 1992/Securities Contracts (Regulation) Act, 1956 in relation to non-compliance with MPS requirements.

17. This Circular is issued under regulations 97, 98, 99 and 101 of Listing Regulations.

Frequently Asked Questions

June 29, 2018

SEBI CIRCULAR DATED FEBRUARY 22, 2018 ISSUED IN RESPECT OF MANNER OF ACHIEVING MINIMUM PUBLIC SHAREHOLDING

Disclaimer: Based on queries/ comments received from market participants, these FAQs have been prepared to provide guidance on Regulation 38 of SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 ("the Regulations", "Listing Regulations", "LR") and circulars issued there under. For full particulars of laws governing minimum public shareholding, please refer to the Acts/Regulations/Guidelines/Circulars etc. appearing under the Legal Framework Section of SEBI website i.e., www.sebi.gov.in and the websites of respective recognized stock exchanges.

1. Is approval of SEBI required for sale of 2% shares in accordance to the terms of the Circular?

No prior approval of SEBI is required for adopting open market sale provided that all the conditions mentioned in the SEBI Circular dated February 22, 2018 with respect to the open market sale are fulfilled by the listed entity.

2. For calculating 5 times' average monthly trading volume of scrip of the listed entity, what should be the period considered for calculating the average? In case the company is listed in more than one stock exchange, trading volume of which stock exchange should be considered for calculating average monthly trading volume?

For calculating 5 times' average monthly trading volume of scrip of the listed entity, a period of 12 months preceding the date of announcement of the open market sale shall be considered.

The aggregate trading volume of all the stock exchanges, where the entity is listed, shall be considered.

3. In case, the number of shares arrived at by calculating 5 times the average monthly traded volume is less than 2% of the total paid up share capital of the company, can the company keep selling till it reaches the cap of 2%?

No, the limit of the total number of shares to be sold shall be up to 2% of the total paid up share capital of the company or five times' average monthly trading volume, whichever is lower.

4. In case the proposed sale is not completed due to lack of demand, can the formula for calculating the number of shares to be sold by promoters/promoter group in open market be applied again?

The limit of total number of shares to be sold by promoters/promoter group, which is calculated at the time of first announcement only shall be taken into account. However, the promoters/promoter group of the listed entity can sell the shares in multiple tranches provided the aggregate number of shares to be sold is within the overall limit of 2% of the paid up capital of the listed entity or 5 times' average monthly trading volume of scrip of the listed entity, whichever is lower. For instance, if the limit of number of shares is 10,000 shares (as calculated on the basis of 2% of the paid up capital of the entity or five times' average monthly trading volume of the scrip, whichever is lower) at the time of making first announcement, then the promoter/promoter group of the entity can sell only up to 10,000 shares during the entire exercise either in one of multiple tranches.

ISSUANCE OF CERTIFICATES OR RECEIPTS/LETTERS/ADVICES FOR SECURITIES AND DEALING WITH UNCLAIMED SECURITIES

39	<p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>1. Check whether company has issued certificates within 30 days from the date of lodgement</p> <p>2. Whether company has submitted information regarding loss of share certificate & issue of duplicate certificate to the Stock Exchange.</p> <p>3. Whether company has complied the prescribed procedure as specified in Schedule VI while dealing with securities</p>
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SCHEDULE VI: MANNER OF DEALING WITH UNCLAIMED SHARES
[See Regulation 39(4)]

A. The listed entity may delegate the following procedural requirements to a share transfer agent.

B. Reminders to be sent

(1) The listed entity shall send at least three reminders at the address as mentioned below:

(a) For shares in physical form, reminders shall be sent to the address **given in the application forms as well as last available address as per listed entity's record.**

(b) For shares 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. Procedure in case of non receipt of response to reminders

(1) For shares in demat form, the unclaimed shares shall be credited to a demat suspense account with one of the Depository Participants, opened by the listed entity for this purpose.

(2) For shares in physical form, the listed entity shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account" and shall dematerialise the shares held in the Unclaimed Suspense Account with one of the Depository Participants.

(3) The listed entity shall maintain details of shareholding of each individual allottee whose shares are credited to such demat suspense account or unclaimed suspense account, as applicable.

(4) The demat suspense account or unclaimed suspense account, as applicable shall be held by the listed entity purely on behalf of the allottees who are entitled to the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of

allotting the shares to the allottee as and when he/she approaches the listed entity.
 Provided that all such shares, in respect of which unpaid or unclaimed dividend has been transferred under Section 124 (5) of the Companies Act, 2013, shall also be transferred by the listed entity in accordance with Section 124 (6) of the Companies Act, 2013 and rules made thereunder.

D. Procedure in case of claim by allottee

(1) 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 applicable, 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 what has been opted for by the allottee:

Provided that the rematerialising of the physical certificates shall be done only in case where the shares were originally issued in physical form.

E. Dealing with Corporate Benefits (in terms of securities accruing) and Voting Rights on such Unclaimed Shares

(1) 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.

(2) The voting rights on such unclaimed shares shall remain frozen till the rightful owner claims the shares.

40(1)	<p>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</p> <p>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</p>	<p>Check –</p> <ol style="list-style-type: none"> 1. that all the shares that are transferred are in dematerialized form. 2. the board minutes if the share transfer formalities are delegated to any committee or the compliance officer or RTA. 3. board minutes , if the transfers attended fortnightly are reported to the Board and taken note of by them.
40(2)	<p>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):</p> <p>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:</p> <p>Provided further that the delegated authority shall report on transfer of securities to the board of directors in each meeting.</p>	

40(3)	<p>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:</p> <p>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:</p> <p>Provided further that proper verifiable dated records of all correspondence with the investor shall be maintained by the listed entity.</p>	<p>Check whether company has issued 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 the prescribed time frame.</p>
40(4)	<p>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).</p>	
40(5)	<p>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.</p> <p>The transferor serves on the listed entity, within 60 working days of raising the objection, a prohibitory order of a Court of competent jurisdiction.</p>	
40(6)	<p>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.</p>	
40(7)	<p>The listed entity shall comply with all procedural requirements as specified in Schedule VII with respect to transfer of securities.</p>	

SCHEDULE VII: TRANSFER OF SECURITIES

[See Regulation 40(7) and 61(4)]

A. REQUIREMENT OF PAN

(1) For registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the listed entity for registration of transfer of securities.

(3) In cases where PAN card is not available i.e. in case of residents of Sikkim, the requirement of PAN Card may be substituted with Identity proof.

(4) In case of mismatch in PAN card details as well as difference in maiden name and current name, in case of married women, of the holder(s) of securities, the listed entity may collect the PAN card as submitted by the transferee(s) or transferor(s) as the case maybe:

Provided that this shall be subject to the listed entity verifying the veracity of the claim of such

transferee(s) or transferor(s) by collecting sufficient documentary evidence in support of the identity of the transferee(s) or transferor(s).

B. DIFFERENCES IN SIGNATURE

(1) In case of minor differences in the signature of the transferor(s), the listed entity shall follow the following procedure for registering transfer of securities:

(a) the listed entity shall promptly send to the first transferor(s), via speed post an intimation of the aforesaid defect in the documents and inform the transferor(s) that objection, supported by valid proof, is not lodged by the transferor(s) with the listed entity within fifteen days of receipt of the listed entity's letter, then the securities shall be transferred;

(b) if the intimation to the transferor(s) is delivered and the objection from the transferor(s) with supporting documents is not received within fifteen days, the listed entity shall transfer the securities provided the listed entity does not suspect fraud or forgery in the matter:

Provided that the listed entity shall maintain proof of delivery for in their record(s).

(2) In case of major differences in, or non-availability of, the signature of the transferor(s), the listed entity shall follow the following procedure for registering transfer of securities:

(a) The listed entity shall promptly send to the transferee(s), via Speed Post, an Objection Memo along with the documents in original marking the reason as "material signature difference/ non-availability of signature" and an advice to ensure submission of requested documents of the transferor(s);

(b) The listed entity shall also send a copy of the Objection memo as per clause (a) of sub-para (2) to the transferor(s), via Speed Post, simultaneously;

(c) The above Objection Memo in clause (a) and (b) of sub-para (2) shall also state the requirement of additional documents of transferor(s) as follows for effecting the transfer:

(i) an Affidavit to update transferor(s) signature in its records;

(ii) an original unsigned cancelled cheque and banker's attestation of the transferor(s) signature and address);

(iii) contact details of the transferor(s) and ;

(d) If the intimation to both the transferor(s) and the transferee(s) are delivered, requested documents of the transferor(s) are submitted to the listed entity and the address attested by the bank tallies with the address available in the database of listed entity, the listed entity, shall transfer the securities provided the listed entity does not suspect fraud or forgery in the matter:

Provided that listed entity shall maintain proof of delivery in their record(s).

C. ADDITIONAL DOCUMENTATION REQUIREMENTS IN CASE OF TRANSMISSION OF SECURITIES

(1) In case of transmission of securities held in dematerialized mode, where the securities are held in a single name without a nominee, for the purpose of following simplified documentation, as prescribed by the depositories vide bye-laws or operating instructions, as applicable, the threshold limit is rupees five lakhs only per beneficiary owner account.

(2) In case of transmission of securities held in physical mode:

(a) where the securities are held in single name with a nominee:

(i) duly signed transmission request form by the nominee;

(ii) original or copy of death certificate duly attested by a notary public or by a gazetted officer;

(iii) self attested copy of PAN card of the nominee.

(b) where the securities are held in single name without a nominee, an affidavit from all legal heir(s)

<p>made on appropriate non judicial stamp paper, to the effect of identification and claim of legal ownership to the securities shall be required; Provided that in case the legal heir(s)/claimant(s) is named in the succession certificate or probate of will or will or letter of administration, an affidavit from such legal heir(s) / claimant(s) alone would be sufficient.</p> <p>Provided further that:</p> <p>(i) for value of securities, threshold limit of up to rupees two lakh only, per listed entity, as on date of application, a succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925 may be submitted :</p> <p>Provided that in the absence of such documents, the following documents may be submitted:</p> <ol style="list-style-type: none"> 1. no objection certificate from all legal heir(s) who do not object to such transmission or copy of family settlement deed duly notarized and executed by all the legal heirs of the deceased holder; 2. an indemnity bond made on appropriate non judicial stamp paper, indemnifying the Share Transfer Agent / listed entity; <p>(ii) for value of securities, more than rupees two lakh, per listed entity, as on date of application, a succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925 shall be submitted;</p> <p>(iii) the listed entity however, at its discretion, may enhance value of securities, threshold limit, of rupees two lakh.</p>		
40(8)	<p>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:</p> <p>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:</p> <p>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).</p>	
40(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	Check website of SE to ensure half yearly submission of PCS Certificate to be filed within 30 days from end of each half year to the SE

	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	
40(10)	The listed entity shall ensure that certificate mentioned at sub-regulation (9), shall be filed with the stock exchange(s) simultaneously.	
40(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	

Comments:- As per Regulation 74(5) of, SECURITIES AND EXCHANGE BOARD OF INDIA (DEPOSITORIES AND PARTICIPANTS) REGULATIONS, 2018, within fifteen days of receipt of the certificate of security from the participant **the issuer shall** confirm to the depository that securities comprised in the said certificate have been listed on the stock exchange or exchanges where the earlier issued securities are listed and shall also after due verification immediately mutilate and cancel the certificate of security and substitute in its record the name of the depository as the registered owner **and shall send a certificate to this effect to the depository and to every stock exchange where the security is listed.**

FAQs on transfer of securities in physical mode

1. What is the deadline for transfer of securities in physical mode?

Ans: Prior to April 1, 2019 shares could be transferred in physical mode by way of a transfer deed / Form SH-4 or in dematerialized mode. With effect from April 01, 2019, all transfers shall happen only in dematerialized form.

2. Can shares be held in physical form after April 1, 2019?

Ans: Yes. Securities can continue to be held in physical form even after April 1, 2019.

3. Is holding shares in dematerialized form mandatory from April 01, 2019?

Ans: No. Shares can continue to be held in physical mode even after March 31, 2019.

4. How do I sell my physical shares from April 1, 2019?

Shares would need to be dematerialized whenever the shareholder wants to sell / transfer the

shares. Till that time shareholders can continue to hold shares in physical mode.

5. Is there a deadline for opening demat account?

Ans: No. Demat accounts can be opened at any time and the timeline of April 01, 2019 is not applicable for opening of demat accounts or getting the shares dematerialized.

6. Can issuers / RTAs process / register transfer of securities in physical mode after April 1, 2019?

Ans: Transfer requests lodged with issuers / RTAs on or before March 31, 2019 shall continue to be processed beyond April 1, 2019. However, no fresh transfer requests in physical mode shall be accepted after April 1, 2019.

7. What is the recourse available to shareholders who have lodged transfer deeds prior to April 1, 2019 but the documents were returned citing objection / deficiency in documentation?

Ans : Shareholders who had lodged transfer requests before April 1, 2019 and whose requests were not processed due to objection/ rejected, may re-lodge the transfer requests after rectifying the deficiencies even after April 1, 2019.

8. Can transmission (i.e. transfer of title of shares by way of inheritance / succession) or transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) in physical mode happen after April 1, 2019?

Ans: Yes. Transmission or transposition of securities held in physical mode can happen even after April 1, 2019.

9. Is this deadline on transfer of securities in physical mode also applicable to debentures?

Ans: Yes. The deadline is applicable to all kinds of securities including debentures.

10. I hold shares in physical mode jointly with my wife. How can I transfer the shares to my wife's name after April 01, 2019?

Ans: Upto April 01, 2019, shares held in physical mode could have been transferred by way of a transfer deed (Form SH-4). However, from April 01, 2019, shares can be transferred only in dematerialized form. Accordingly, in the given case, if the shares have to be transferred from joint name to wife's name on or after April 01, 2019, the joint holders will have to open a demat account in their joint names and the wife will have to open a separate demat account in her name. The shares will then have to be dematerialised and thereafter transferred to wife's demat account.

OTHER PROVISIONS RELATING TO SECURITIES

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.	Take Management Confirmation that company has not exercised lien on its fully paid shares and in respect of partly paid shares, except in respect of moneys called or payable at a fixed time in respect of such shares.
41(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.	Check from the balance sheet if there is any amount outstanding as advance call money. If yes, check whether company is paying any interest/dividend upon the same.

41(3)	<p>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:</p> <p>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.</p>	
41(4)	<p>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.</p>	<p>Check whether during the financial year, company has re-issued forfeited shares. If yes, check whether these shares were offered to all the existing shares or with shareholder approval issued to any particular or group of person</p>
41(5)	<p>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.</p>	
41A(1)	<p>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.</p>	
41A(2)	<p>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.</p>	
41A(3)	<p>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</p>	
41A(4)	<p>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:</p> <p>Provided that the SR equity shares may be valid for upto an additional five years, after a resolution to that effect has been passed, where the SR shareholders have not been permitted to vote:</p> <p>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.</p>	
41A(5)	<p>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 –</p> <ol style="list-style-type: none"> i. demise of the promoter(s) or founder holding such shares; ii. an SR shareholder resigns from the executive position in the listed entity; 	

	<p>iii. merger or acquisition of the listed entity having SR shareholder/s, where the control would no longer remain with the SR shareholder/s;</p> <p>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.”</p>
RECORD DATE OR DATE OF CLOSURE OF TRANSFER BOOKS	
42(1)	<p>(1) The listed entity shall intimate the <u>record date to all the stock exchange(s) where it is listed for the following purposes:</u></p> <p>(a) declaration of dividend;</p> <p>(b) issue of right or bonus shares;</p> <p>(c) issue of shares for conversion of debentures or any other convertible security;</p> <p>(d) shares arising out of rights attached to debentures or any other convertible security</p> <p>(e) corporate actions like mergers, demergers, 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;</p> <p>(f) such other purposes as may be specified by the stock exchange(s).</p>
42(2)	<p>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 atleast three working days (excluding the date of intimation and the record date).”</p>
42(3)	<p>The listed entity shall recommend or declare all dividend and/or cash bonuses <u>at least five working days</u> (excluding the date of intimation and the record date) before the record date fixed for the purpose.</p>
42(4)	<p>The listed entity shall ensure the time gap of at least thirty days between two record dates.</p>
42(5)	<p>For securities held in physical form, the listed entity may, announce dates of closure of its transfer books in place of record date <u>for complying with requirements as specified in sub-regulations (1) to (4):</u> Provided that the listed entity shall ensure</p>
	<p>Check –</p> <p>1. If there is any event during the financial year which require company to fix record date or the closure of books of accounts. If yes, check the website of the Stock Exchange whereupon the shares of the company are listed, to ensure that Stock Exchange was informed well within the timeline specified.</p> <p>1. Check the website of the Stock Exchange to ensure that company has given at least 7 (excluding the date of intimation and the record date) days notice specifying the purpose.</p> <p>2. Check whether company has fixed record date at least 5 days (excluding the date of intimation and the record date) after declaration of dividend and/or cash bonuses.</p> <p>3. Ensure at least 30 days gap between <u>two record dates</u>.</p> <p>4. Ensure at least 30 days gap between <u>two book closure dates</u>.</p>

	that there is a time gap of at least thirty days between two dates of closure of its transfer books.	
<p>Comments:- It's not compulsory to close transfer book. In case listed company has some securities in physical form, it may announce dates of closure of its transfer books. There is no concept of record date in Companies Act.</p> <p>As per Section 91 of the Companies Act, 2013, a company may close the register of members or the register of debenture-holders or the register of other security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time, subject to giving of previous notice of at least seven days or such lesser period as may be specified by Securities and Exchange Board for listed companies or the companies which intend to get their securities listed, in such manner as may be prescribed.</p> <p>As per Rule 10 of Companies (Management & Administration) Rules, 2014, a company closing the register of members or the register of debenture holders or the register of other security holders shall give at least seven days previous notice and in such manner, as may be specified by Securities and Exchange Board of India, if such company is a listed company or intends to get its securities listed, by advertisement at least once in a vernacular newspaper in the principal vernacular language of the district and having a wide circulation in the place where the registered office of the company is situated, and at least once in English language in an English newspaper circulating in that district and having wide circulation in the place where the registered office of the company is situated and publish the notice on the website as may be notified by the Central Government and on the website, if any, of the Company.</p>		
DIVIDEND		
43(1)	The listed entity shall declare and disclose the dividend on per share basis only.	If the listed company has declared dividend, then check-
43(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.	1. the dividend is on per share basis. If the unclaimed amount has not been forfeited by the company. Check reconciliation of unclaimed dividend amount lying in unpaid dividend account and the amount transferred to IEPF
<p>Comments:- There is no requirement of declaring dividend on per share basis under companies act. However the Secretarial Standard on Dividend issued by The Institute of Company Secretaries of India prescribes that the company shall declare and disclose dividend on per share basis only. Dividend Per Share is important parameters to investors because the amount a listed entity pays out in dividends directly translates to income for the shareholder, and the Dividend is the most straightforward figure an investor can use to calculate his or her dividend payments from owning shares of a stock over time.</p> <p>The listed entity has no power to forfeit unclaimed dividend. As per Section 124(5) of the Companies Act, 2013, any money transferred to the Unpaid Dividend Account of a company in pursuance of this section which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company along with interest accrued, if any, thereon to the Fund established under sub-section (1) of section 125 and the company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said Fund and that authority shall issue a receipt to the company as evidence of such transfer.</p>		

DIVIDEND DISTRIBUTION POLICY		
43A(1))	The top 500 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 .	<ol style="list-style-type: none"> 1. If the company is one of the top 500 listed companies then check whether company has formulate dividend distribution policy and whether company has disclosed the said policy in its Annual Report as well as in its Website. 2. Check if the dividend distribution policy is in line with the parameters specified in the regulation and if not then has the rational for deviations being explained.
43A(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 .	
43A(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.	
MEETING OF SHAREHOLDERS AND VOTING RIGHTS (CHANGED W.E.F 1ST APRIL 2019)		
44(1)	The listed entity shall provide the facility of remote e-voting facility to its shareholders, in respect of all shareholders' resolutions .	Check- <ol style="list-style-type: none"> 1. Notice of General meeting, if the company has offered facility of e-voting. 2. Check the company has complied with Section 108 read with Rule 20 of The Companies (Management & Administration) Rules, 2014. 3. Whether company has submitted voting results to the Stock Exchange in the prescribed format within 48 hours of conclusion of its General Meeting.
44(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 .	
44(3)	The listed 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.	

44(4)	The listed entity shall send proxy forms to holders of securities in all cases <u>mentioning that a holder may vote either for or against each resolution.</u>	4. Whether proxy forms are accompanied with the notice <u>mentioning that a holder may vote either for or against each resolution.</u>
44(5)	w.e.f 1st April 2019, The top 100 listed entities by market capitalization, determined as on March 31st of every financial year, shall hold their annual general meetings <u>within a period of five months from the date of closing of the financial year.</u>	5. In case of Top 100 companies, whether company has held its AGM within 5 months from the date of closing of the Financial Year.
CHANGE IN NAME OF THE LISTED ENTITY		
45(1)	<p>1) The listed entity shall be allowed to change its name subject to compliance with the following conditions</p> <p>(a) a time period of <u>at least one year has elapsed from the last name change;</u></p> <p>(b) <u>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</u></p> <p>(c) the amount invested in the new activity/project is at least fifty percent. of the assets of the listed entity:</p> <p>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 activitieswithin 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.</p> <p>Explanation.- For the purpose of this regulation, -</p> <p>i. 'assets' of the listed entity means the sum of fixed assets, advances, works in Progress / Inventories, investments, trade receivables, cash & cash equivalent</p> <p>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.</p>	<p>Whether company has changed its name during the financial year. If yes</p> <p>1. Check whether company has complied with conditions as specified in Regulation 45(1).</p> <p>Whether company has changed its activities which are not reflected in its name during the financial year. If yes</p> <p>1. Check where company has changed the name within 6 months from the change of activities.</p>
45(2)	On satisfaction of conditions at sub-regulation (1), the listed entity shall file an application for name availability with	1. Check whether company has changed its name without complying the conditions of

	Registrar of Companies.	Regulation 45(1).
45(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).	2. Check the approval letter received from stock exchange before filing the request for change of name.
<p>Comments:- As per Section 4(5) of the Companies Act, 2013, upon receipt of an application for the name availability the Registrar may, on the basis of information and documents furnished along with the application, reserve the name for a period of twenty days from the date of approval or such other period as may be prescribed:</p> <p>However, in case of an application for reservation of name or for change of its name by an existing company, the Registrar may reserve the name for a period of sixty days from the date of approval.</p> <p>So the eligible listed entity wishes to change its name, first apply for name availability and then apply to the Stock Exchange for approval to the proposed name change. Then the Shareholder approval should be obtained and lastly ROC (Central Government delegated power to ROC) approval.</p> <p>Provided that no such approval under Section 13 shall be necessary where the only change in the name of the company is the deletion therefrom, or addition thereto, of the word "Private", consequent on the conversion of any one class of companies to another class in accordance with the provisions of this Act.</p>		
WEBSITE		
46(1)	The listed entity shall maintain a functional website containing the basic information about the listed entity.	Check – 1. the website of the company for all the contents specified in this regulation . 2. Take management confirmation that the company has updated the contents within 2 days of any change therein.
46(2)	The listed entity shall disseminate the following information [w.e.f 1 st April 2019, 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	

	<p>been disclosed in annual report;</p> <p>(g) policy on dealing with related party transactions;</p> <p>(h) policy for determining 'material' subsidiaries;</p> <p>(i) details of familiarization programmes imparted to independent directors including the following details:-</p> <p>(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),</p> <p>(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and</p> <p>(iii) other relevant details</p> <p>(j) the email address for grievance redressal and other relevant details;</p> <p>(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;</p> <p>(l) financial information including:</p> <p>(i) notice of meeting of the board of directors where financial results shall be discussed;</p> <p>(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved;</p> <p>(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;</p> <p>(m) shareholding pattern;</p> <p>(n) details of agreements entered into with the media companies and/or their associates, etc;</p> <p>(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> <p>(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;</p> <p>(q) items in sub-regulation (1) of regulation 47.</p> <p>(r) With effect from October 1, 2018, all</p>	
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	<p>credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings.</p> <p>(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.</p>	
<p>Brief Facts:- HCL Technologies Limited ("HCL" or "Company") is a public limited company incorporated under the provisions of the erstwhile Companies Act, 1956. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Company currently has more than 125 subsidiaries / step-down subsidiaries incorporated outside India apart from some subsidiaries / step-down subsidiaries incorporated in India. The Company has in the current financial year (FY 2018-19) acquired a company incorporated in Delaware, USA by the name Actian Corporation ("Actian"). Actian has 15 wholly owned subsidiaries / step-down subsidiaries, of which 13 companies are incorporated outside India and 2 companies are incorporated in India. In accordance with the laws of the countries of incorporation of Actian and/or some of its subsidiaries / step-down subsidiaries incorporated outside India, there is no statutory requirement to get the annual financial statements audited. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, SEBI amended Regulation 46 of the Listing Regulations. In accordance with the amended Regulation 46, the Company is required to disseminate on its website, separate audited financial statements of each of its subsidiary in respect of the relevant financial year, at least 21 days prior to the date of the annual general meeting. In terms of the provisions of Section 136(1) of the Companies Act, 2013 (Act) every listed company having a subsidiary or subsidiaries shall place separate audited accounts in respect of each of its subsidiary on its website. However, the Ministry of Corporate Affairs (MCA) has granted the below mentioned relaxation to the listed companies in respect of their foreign subsidiaries by amending Section 136 of the Act w.e.f. February 9, 2018 as under: <i>"In terms of the proviso to Section 136(1) of the Act, a listed entity which has a subsidiary incorporated outside India (herein referred to as foreign subsidiary):- where such foreign subsidiary is statutorily required to prepare consolidated financial statements under any law of the country of its incorporation, the requirement of Section 136(1) of the Act shall be met if the consolidated financial statements of such foreign subsidiary are placed on the website of the holding Indian listed company; where such foreign subsidiary is not required to get its financial statements audited under any law of the country of its incorporation and which does not get such financial statements audited, the holding Indian listed company may place such unaudited financial statements on its website."</i> Queries: You have proposed that Actian shall be preparing the audited consolidated financial statements in accordance with the local GAAP of the country of its incorporation and that these audited consolidated financial statements shall be placed on the website of the Company at least 21 days</p>		

- prior to the date of the annual general meeting of the Company along with the following:
1. the unaudited financial statements of those subsidiaries and step-down subsidiaries of Actian, incorporated outside India, where there is no statutory requirement to get the financial statements audited as per the local laws of the countries of their incorporation; and
 2. the audited financial statements of those subsidiaries and step-down subsidiaries of Actian, incorporated outside India, where is a statutory requirement to get the financial statements audited as per the local laws of the countries of their incorporation.

Informal Guidance:-

For the purpose of compliance with Regulation 46(2)(s) of Listing Regulations, if a listed entity has a subsidiary incorporated outside India (herein referred to as "foreign subsidiary") where such foreign subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, **the requirement of this Regulation shall be met if consolidated financial statement of such foreign subsidiary is placed on the website of the listed entity.**

Where such foreign subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the listed entity may place such unaudited financial statement on its website in accordance with the provisions of Section 13 6(1) of the Companies Act, 2013.

Where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website.

46(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.
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ADVERTISEMENT IN NEWSPAPERS

47(1)	<p>The listed entity shall publish the following information in the newspaper:</p> <p>(a) notice of meeting of the board of directors where financial results shall be discussed.</p> <p>(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 <u>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.</u></p> <p>(c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after</p>	<p>Check Newspaper advertisement -</p> <ol style="list-style-type: none"> 1. for the publication of notice for quarterly BM held for financial results. 2. For publication of quarterly and annual financial results 3. Statement of deviations in the utilization of funds 4. For every notice given to the shareholder <p>Check-</p> <ol style="list-style-type: none"> 1. If the newspaper advertisement is published simultaneously with the submission to Stock Exchange. 2. Financial Result was published within 48hrs of conclusion of the Board Meeting. 3. If the link of the website containing further details of the disclosures was given in the newspaper advertisement.
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	review by audit committee and its explanation in directors report in annual report; (d) notices given to shareholders by advertisement.	4. That the publication is in atleast one English newspaper having nationwide circulation and in atleast one local newspaper published in the language of the region where registered office is situated.
47(2)	The listed entity shall give a reference in the newspaper publication , in sub-regulation (1), <u>to link of the website of listed entity and stock exchange(s), where further details are available.</u>	
47(3)	The listed entity shall publish the information specified in sub-regulation (1) in the newspaper <u>simultaneously with the submission of the same to the stock exchange(s).</u> 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.	
47(4)	The information at sub-regulation (1) shall be published in at least one English language national daily newspaper circulating in the <u>whole or substantially the whole of India</u> 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.	
ACCOUNTING STANDARD		
48	The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.	Take Management confirmation regarding compliance of all the applicable and notified accounting standards

Frequently Asked Questions

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Disclaimer: Based on queries/ comments received from market participants, these FAQs have been prepared to provide guidance on the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations", "Listing Regulations", "LR") and circulars issued there under. For full particulars of laws governing continuous disclosure requirements, please refer to the Acts/Regulations/Guidelines/Circulars etc. appearing under the Legal Framework Section of SEBI website i.e., www.sebi.gov.in and the websites of respective recognized stock exchanges.

A. Definitions

Q1. Regulation 2(1)(b) of LR defines an 'associate company' to mean any entity which is an

associate under the Companies Act, 2013 or under the applicable accounting standards. Whether both conditions have to be met or either of the two?

Answer: The definition of associate company should be viewed under the Companies Act, 2013 as well as Accounting Standards. If the condition is met under either of the two, then such entity should be classified as an associate company.

Q2. Regulation 2(1)(zb) of LR defines the term 'Related party' to mean related party under the Companies Act, 2013 or under the applicable Accounting Standards. Whether both conditions have to be met or either of the two?

Answer: The definition of related party should be viewed under the Companies Act, 2013 as well as Accounting Standards. If the condition is met under either of the two, then such party should be classified as a related party.

B. Common Obligations of Listed Entities

Q3. Regulation 9 requires a listed entity to frame a policy for preservation of documents approved by its board of directors, classifying them into the documents that can be preserved permanently or can be preserved for a period of not less than eight years after completion of the relevant transactions. What types of documents are covered under this regulation?

Answer: The documents preserved in terms of Regulation 9 includes documents required to be preserved by a listed entity in terms of securities laws defined under Regulation 2(1)(zf) and other laws and statutes applicable to such listed entity.

C. Corporate Governance

Q4. Regulation 17(8) of LR requires a compliance certificate to the Board of directors by Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Whether the Managing Director or Whole Time Director may certify the compliance certificate, when the company has not designated a CEO?

Answer: Such certificates may be signed by the officials who hold powers, duties and responsibilities of a CEO/ CFO irrespective of their designations.

Q5. Regulation 23 (4) provides that all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. In this regard, whether only those related parties who are related to the concerned transaction/ contract should abstain from voting or whether related parties should altogether abstain from voting?

Answer: The requirement under Regulation 23(4), is applicable for listed entities subject to the provisions of Regulation 15. Hence, for applicable entities, the regulations clearly provide that all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party for the particular transaction or not.

Q6. Regulation 23(8) requires 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. Whether the listed entity requires to take a fresh shareholders approval in case it has already taken an approval prior to implementation of these regulations?

Answer: The listed entity need not take fresh approval of shareholders in case the entity has already fulfilled the requirement of the regulations.

Q7. Regulation 24(1) prescribes having at least one independent director of the listed

entity as a director on the board of directors of 'unlisted material subsidiary, incorporated in India'. Sub-regulations (2), (3) and (4) to the same regulation refer to 'unlisted subsidiary'. Whether such sub-regulations (2), (3) and (4) are applicable to all unlisted subsidiaries or only material unlisted subsidiaries incorporated in India?

Answer: Listed entities may be guided by the provisions of Regulation 24. Wherever 'unlisted material subsidiary' and 'unlisted subsidiary' have been distinctly mentioned in a particular sub-regulation, such sub-regulation shall be applicable to material unlisted subsidiaries or all unlisted subsidiaries as the case may be.

Q8. Regulation 24 (4) requires that 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. Whether the requirement is applicable only to the material unlisted subsidiary?

Answer: The requirement is applicable to all unlisted subsidiaries.

Q9. Regulation 26(1) stipulates that 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. Clause (a) to the aforesaid sub-regulation requires membership on committees that a director serves in all public limited companies, whether listed or not, to be included for determining the count of committee membership/ chairmanship for sub-regulation (1) and excludes membership on committees of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Whether a director can be committee member for ten listed entities only or the same includes unlisted public companies as well?

Answer: A director of a listed entity can be member in maximum ten committees and chairperson of more than five committees of listed entities and unlisted public limited companies put together.

D. Disclosure of Events or Information

Q10. Regulation 30(8) of LR requires posting of disclosures on the listed entity's website for a minimum period of five years. Whether the said provision is prospective from December 1, 2015 and pertains to disclosures relating to events happening thereafter?

Answer: The disclosures made under Regulation 30(8) shall be made w.e.f. December 01, 2015, i.e., the listed entity shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation on or after the said date, and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years from the date of disclosure to the stock exchange.

Q11. Regulation 30(9) of LR requires disclosure of all events and information with respect to subsidiaries which are material. If both parent and subsidiary are listed entities, would it be sufficient compliance if the listed subsidiary has made a disclosure or whether same disclosure be made by the parent listed entity also?

Answer: Both the parent and material subsidiary in their own right as Listed Entities have to make disclosure separately as applicable under Listing Regulations.

Q12. Regulation 16 (1)(c) defines material subsidiary as - "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." The Explanation to Regulation 16 (1)(c) states that the listed entity shall formulate a policy for determining material subsidiary. Can the listed entity adopt a different criteria for determining material

subsidiary for the purpose of Regulation 30 (9)?

Answer: The definition of 'material subsidiary' under regulation 16(1)(c) defines a subsidiary that is material to the listed entity. Further, the explanation to the aforesaid provision allows the listed entity to formulate a policy for the same, i.e., a listed entity can develop criteria that is stricter than what has been provided in the Regulations.

Regulation 30(9) requires the listed entity to disclose all events or information with respect to subsidiaries which are material for the listed entity. The said sub-regulation places stress on materiality of the events or information. Therefore, disclosure would be required in cases where the event or information originating from a subsidiary is material to the listed entity, irrespective of whether such a subsidiary is material or not as per the definition provided at regulation 16(1)(c).

- Q13. Schedule III Part A, Para A, item 1(ii)(a) requires disclosures on acquisition or agreements to acquire shares or voting rights in a company, whether directly or indirectly, such that the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company. Whether the disclosure is with respect to acquisition of shares or voting rights when the target company is a listed entity only or whether it is applicable to unlisted entities also?**

Answer: The Schedule refers to the listed entity's acquisition of shares or voting rights in the company. Such target company can be listed or unlisted.

- Q14. Schedule III Para A of Part A, item 4 (d) on deemed material events mentions that a listed entity shall disclose within 30 minutes of the closure of the meeting the decision with respect to fund raising proposed to be undertaken. What all methods of fund raising are covered under the same?**

Answer: The listed entity may be guided by Regulation 29(1) (d) which stipulates the types of fund raising an entity is required to intimate to Stock Exchange.

E. Other Clarifications

- Q15. Under Regulation 33(3), for submission of financial results for the last quarter, whether Unaudited Results can be submitted to the Exchanges?**

Answer: Regulation (33)(3)(d) clearly states that the listed entity shall file audited annual results in 60 days from the end of the last quarter. Therefore, the financial statements for the last quarter shall necessarily be audited. The said provision was also there in the erstwhile Listing Agreement.

- Q16. Regulation 33 (3)(d) requires a company to submit audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and either Form A (for audit report with unmodified opinion) or Form B (for audit report with modified opinion). However for listed entities having subsidiaries whether two sets of Form A or Form B have to be prepared for standalone and consolidated results?**

Answer: A company having subsidiaries will prepare two sets of Form A and/or Form B, one for standalone results and another for consolidated results based on the respective audit report.

- Q17. Regulation 34 (2) (f) requires Annual Report to contain Business Responsibility Report (BRR). Since when this requirement will be applicable?**

Answer: Presently Regulation 34 requires top hundred listed entities based on market capitalization(calculated as on March 31 of every financial year) to compulsorily and other than top hundred listed entities to voluntarily include BRR in their Annual Report. Subsequent to amendment in SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015

notified on December 22, 2015, the requirement of mandatory reporting of BRR in Annual Report has been raised from hundred to five hundred listed entities which will be effective from April 1, 2016 and hence it will form a part of the Annual Report for the financial year 2016-17.

Q18. Regulation 35 requires the listed entity to submit to the stock exchange(s) an Annual Information Memorandum in the manner specified by the Board from time to time. Since the Regulations do not currently specify the applicable date and the manner, is the said provision currently applicable?

Answer: As mentioned, in the regulation, the said requirement will become applicable as and when Annual Information Memorandum is specified by SEBI.

Q19. Regulation 40(3) requires that 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. It provides 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 and that proper verifiable dated records of all

correspondence with the investor shall be maintained by the listed entity. In this regard, how would a company ensure compliance in an era where companies have no role to play in processing of transmission of securities held in dematerialized mode?

Answer: The provision in Regulation 40(3) may be read in context with Regulation 7(1) which states that the listed entity shall appoint a share transfer agent or manage the share transfer facility in-house. In cases where the listed entity is managing the share transfer in-house, such compliance may be ensured. In this regard, the share transfer agent is an agent of the listed entity and it is imperative that the listed entity as a principal shall supervise the activities of its agent. Further, Regulation 8 provides that the listed entity, wherever applicable, shall cooperate with and submit correct and adequate information to the intermediaries registered with the Board including registrar to an issue and share transfer agents.

Q20. Regulation 40 (8) requires the listed entity that 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 to compensate the aggrieved party for the opportunity losses caused during the period of the delay. Sub regulation (9) of the aforesaid regulation states that 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 lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies. The matter needs to be clarified.

Answer: It is clarified that the listed entity may seek such reports from share transfer agents as they may require, so as to ensure compliance with the time period of 15 days for transfer of securities as stipulated in sub-regulation (8).

Q21. As per Regulation 46(2)(n), the listed entity is required to disseminate on its website details of agreements entered into with the media companies and/or their associates, etc. In this regard, should the listed entity disclose all agreements entered into with media companies/ their associates including ordinary agreements or disclose only such

agreements that are not in the normal course of business as required under item 5 of paragraph A of part A of Schedule III of LR?

Answer: It is clarified that only such agreements that are not in the normal course of business shall be disclosed. Listed entities may refer to SEBI Press Release No. 200/2010 dated August 27, 2010 and Press Council of India Press Release No. PR/3/10-11-PCI dated August 02, 2010 wherein concerns related to 'private treaties' and their disclosures have been discussed in detail.

Q22. Regulation 46 (3) requires listed entity to update any change in the content of its website within two working days from the date of such change in content. Whether change in the content of website means any change on the website?

Answer: Regulation 46(2) prescribes the list of information to be disseminated by a listed entity on its website. Regulation 46 (3) refers to the update of any change in the content which is provided as per the requirements of Regulation 46 (2).

F. Miscellaneous

Q23. The regulations do not define 'working days'. Whether the same can be clarified?

Answer: 'Working days' means working days of the stock exchange where the securities of the entity are listed.

MISC CIRCULAR

CIRCULAR	
SEBI/HO/MIRSD/DOP1/CIR/P/2018/73	April 20, 2018
Subject: Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue	
Provisions	Check Point
<p>1. SEBI constituted a Committee on "Strengthening the Guidelines and Raising Industry Standards for RTAs", which included representatives from RTAs, Issuer Companies, Depositories and Bankers to Issue. The objective of the Committee was to suggest guidelines to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of securities and payment of dividend/interest/redemption by the RTAs, Issuer Companies and Bankers to Issue.</p> <p>2. Based on recommendation of Committee, the guidelines as annexed to this Circular are being issued. These guidelines cover the following broad areas:</p> <p style="margin-left: 20px;">i. Provisions with respect to Payment of Dividend/interest/redemption/ redemption</p> <p style="margin-left: 20px;">ii. Provisions with respect to Transfer/Transmission/ Correction of errors etc.</p> <p style="margin-left: 20px;">iii. Compulsory internal audit of RTAs</p> <p>3. Unless otherwise indicated in the annexure, the records /documents described in annexure shall be maintained for period not less than eight years after completion of the relevant transactions by Bankers to issue, Issuer Companies, and/or by RTAs on behalf of Issuer Companies</p> <p>4. RTAs, BTIs and Issuer Companies shall strictly comply with guidelines (annexed). Issuer companies shall strictly monitor the activities of their RTAs and ensure compliance of provision of this circular. It is clarified that where share transfer agent activities are carried out in-house by issuer companies, the issuer companies shall ensure that their in-house share transfer activities comply with the relevant norms as applicable to them.</p> <p>5. RTAs, Bankers to issue, and the Issuer Companies can put in place more stringent internal checks and controls if they so desire.</p> <p>6. These guidelines issued through this circular shall be effective with immediate effect except where a timeframe has been prescribed in the guidelines itself.</p> <p>7. Stock Exchanges are advised to bring the contents of this circular to entities listed on their respective Exchange.</p> <p>8. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market</p>	
<p>I. Provisions with regard to Payment of Dividend/Interest/Redemption:</p> <p>1. The Issuer Company, RTA and the dividend/interest/redemption processing Bank shall ensure that the Dividend/Interest/redemption Master file (i.e. file containing detailed list of beneficiaries entitled for dividend/interest/redemption distribution by whatever name called on the record date) <u>shall include Company Name, Folio No., DPID/Client ID, Name of the first securities holder, Dividend/interest/redemption payment date, Dividend/interest/redemption amount, Payee details, Bank name, Bank account, Bank branch of the holder of securities, MICR number, Dividend/Interest/Redemption Warrant number, details of</u></p>	<p style="text-align: center;">Annexure</p> <p>1. Check the Dividend/Interest/re demption Master file and ascertain whether the file contains the Company Name, Folio No., DPID/Client ID, Name of the first securities holder, Dividend/interest/re demption payment</p>

<p>payment made through electronic channels such as RTGS/NEFT. The said file shall be shared with the Banker through a secured process/procedure as per Banker's prescribed secured mechanism. Copy of the Dividend/Interest/Redemption Master data file containing details for each dividend/interest/redemption paid shall be maintained by the bank and the same shall be reconciled by the RTA and the Issuer Company.</p> <p>2. In cases where <u>bank account details of the securities holder is not available with RTA</u> or there is change in bank account details, RTA shall obtain account details along with cancelled cheque to update the securities holder's data. The original cancelled cheque <u>shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank</u>. RTA shall then update the bank details in its records after due verification. The unpaid dividend shall be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank, <u>the issuer companies or their RTA may ask the banker to make payment through physical instrument such as banker's cheque or demand draft to such securities holder incorporating his bank account details.</u></p> <p>3. The dividend/interest/redemption processing Bank shall ensure that any dividend/interest/redemption instrument (such as demand drafts, dividend/interest/redemption warrants etc.) <u>lying unpaid beyond the validity period of the instrument shall be cancelled and the dividend/interest/redemption amount transferred earlier by issuer in the said account shall be credited back immediately to the relevant bank account of the Issuer Company</u>. Banks should also provide the unpaid instrument details when reconciliation data is shared with Issuer Company / RTAs. This provision will come into effect after 30 days from the date of this circular.</p> <p>4. <u>Revalidation/Re-issue requests to the dividend/interest/redemption processing bank by the RTA should contain at least Name of the Company, DPID/Client ID/Folio No. (as applicable), Original Instrument Number, MICR No., Security holder's name, Payee's name, Payee's bank account Number, Bank name, reason for revalidation etc. RTA shall maintain records of the revalidation/re-issue requests.</u></p> <p>5. The Issuer Company, RTA and the dividend/interest/redemption processing Bank shall ensure that the <u>Banks provide reconciliation of the Paid and Unpaid details (including bank Transaction Reference Number, payee name etc.) of the Dividend/interest/redemption paid fortnightly during the initial validity of the instrument and after the expiry of validity period of the instrument, quarterly till transfer of funds to Investor Education and Protection Fund (hereinafter referred to as IEPF). Dividend/interest/redemption reconciliation data sent by banks to RTA/Issuer Companies shall contain details of all DDs/new</u></p>	<p>date, Dividend/interest/redemption amount, Payee details, Bank name, Bank account, Bank branch of the holder of securities, MICR number, Dividend/Interest/Redemption Warrant number, details of payment made through electronic channels such as RTGS/NEFT.</p> <p>2. In case bank details of security holder is not available, then check the process followed by the RTA</p> <p>3. Take Management confirmation that dividend/interest/redemption instrument (such as demand drafts, dividend/interest/redemption warrants etc.) lying unpaid beyond the validity period of the instrument has been cancelled.</p> <p>4. Check the record maintained by RTA regarding revalidation/re-issue requests.</p> <p>5. Check the fortnightly reconciliation statement received from Bank of the Paid and Unpaid details (including bank Transaction Reference Number,</p>
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<p>instruments issued/ electronic instructions sent in lieu of original dividend/interest/redemption payment. Details of old as well as new dividend instruments shall be provided. RTA shall also do the reconciliation and inform the Bankers/Issuer Companies in case of any discrepancies. The reconciliation files sent by the Banker shall be maintained by all the three entities, RTA, the Issuer Company, and the dividend/interest/redemption payment processing Banker as its record for a period of eight years.</p> <p>6. Details of the rejection of electronic remittance, dividend/interest/redemption instruments undelivered, dividend/interest/redemption instruments expired and subsequent payment of dividend/interest/redemption made through new instruments including the status of payment of the same shall be linked to dividend/interest/redemption payment record of each of the specific folios by RTA and audit trail shall be kept in the system of the RTA.</p>	<p>payee name etc.) of the Dividend/interest/redemption paid</p> <p>6. Check rejection of electronic remittance, dividend/interest/redemption instruments undelivered, dividend/interest/redemption instruments expired and subsequent payment of dividend/interest/redemption made through new instruments.</p>
<p>II. Provisions with regard to Transfer/Transmission/Correction of Errors etc. :</p> <p>1. RTAs and Issuer Companies shall ensure that a <u>folio once allotted to a person should never be re-allotted to any other person under any circumstances</u>. Ceased folios numbers i.e. folios having nil balance should not be re-allotted to any other person.</p> <p>2. RTAs and Issuer Companies shall ensure that history of all transactions in a folio (w.r.t securities held or dividend/interest/redemption issued in that folio, certificates issued or any other change) are linked to a particular folio for easy retrieval.</p> <p>3. RTAs shall follow the “Maker-Checker” concept in all of its activities to ensure that accuracy of data and a mechanism to check unauthorized transaction and record shall be maintained.</p> <p>4. RTAs and Issuer Companies shall ensure that <u>all updation in the folio records shall be enabled only through front end modules</u>. No back-end entry/updation /correction should be permitted. RTAs and Issuer Companies shall ensure that “System Log” having complete details for any change (viz. nature of change, user access history, user identification, date/time of change etc.) must be maintained. This provision will come into effect after 90 days from the date of this circular.</p> <p>5. For any correction of errors, RTAs must take prior approval from the Company similar to cases of transfers, transmissions etc.</p> <p>6. RTAs shall provide to the <u>Issuer Company a soft copy of Members data (having details inter alia Name, Address, Folio No, Number of Shares, Distinctive numbers, Certificate numbers, etc.) under due certification at the end of each quarter of a financial year</u>. This data should also contain transaction in the physical folio during the period. The copy of these databases shall be</p>	<p>1. Check on text check basis whether folio once allotted to a person re-allotted to any other person.</p> <p>2. Take management confirmation that folio once allotted to a person should never be re-allotted to any other person under any circumstances.</p> <p>3. Take management confirmation relating to approval, if any given to RTA for correcting any error.</p> <p>4. Whether company has maintained soft copy of Quarterly Members data and transactions in the physical folio. Check the process</p>

maintained by Issuer Companies and the RTAs independently as permanent record.

7. RTAs shall provide to the Issuer Company a copy of the Register of debenture holders under due certification at the end of each quarter of a financial year. The register should contain information relating to name, father's /husband's name; address and occupation, if any, of each debenture holder; date of allotment; date of registration with the Registrar of Companies; the debentures held by each holder distinguishing each debenture by its number except where such debentures are held with a depository; distinctive number and certificate number of debentures; the amount paid or agreed to be considered as paid on those debentures; date of payment; date on which the name of each person was entered in the register as a debenture holder; date on which any person ceased to be a debenture holder; date of transfer of debentures; serial number of instrument of transfer; transferor's name and folio number; transferee's name and folio number, transfer number, number of debentures transferred and their distinctive numbers; date of transfer; and instructions, if any, for payment of interest. The copy of that Register of debenture holder shall be maintained by Issuer Companies and the RTAs independently as permanent record.

8. Any returns filed with Registrar of Companies (ROC) or any other documents relating to company's securities processed and compiled by the RTAs will also be maintained by the RTAs and a copy of the return shall be forwarded to the Issuer Company. The Issuer Companies will also independently preserve these data as filed with the ROC at their end.

9. RTAs and Issuer Companies shall frame a **written policy** and shall maintain strict control on stationery including blank certificates, dividend/interest/redemption warrants and shall **periodically check by physical verification**. The reconciliation report shall be maintained by the RTAs and concerned Issuer Company.

10. In addition to maintaining details of securities certificates issued or re-issued data in respective folios, RTAs shall maintain a certificate printing register/records containing, inter alia, details such as Date of Printing/issue, Folio No, Name in which printed, Certificate No, Distinctive Nos, Old Certificate No (in case is reprinting), Reason of printing etc.

11. If the security holder is holding physical securities, RTAs, Issuer Companies and Depositories shall ensure that the Bonus securities against these folios shall mandatorily be issued in physical mode only. In other words, **Bonus securities cannot be allotted in demat form with respect to folios where physical securities certificates are maintained.**

12. Issuer Companies through their RTAs shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below.

While collecting details, RTAs shall ensure that

i. They preserve a verifiable record as on the date of this circular

formulated by the company to preserve this quarterly soft copy data permanently.

5. Check the company's Policy regarding stationery including blank certificates, dividend/interest/redemption warrants and also check periodical physical verification report.

6. Check the certificate printing register.

7. Whether company has issued Bonus Shares during the financial year. If yes, check whether company allotted shares in demat mode to those holding shares in physical mode.

8. Check whether company has sent letters and reminders to obtained PAN & Bank details to all those who did not provide earlier the same.

9. Check the list of shareholders who did provide PAN & Bank details.

regarding the folios which do not have PAN/bank account details.

ii. They send a letter under registered/Speed post seeking PAN and bank details (a copy of the PAN card and original cancelled cheque leaf /attested bank passbook showing name of account holder) within 90 days of the circular and two reminders thereof after the gap of 30 days. All the 3 letters will have 21 days' notice period to provide the details.

iii. In case of residents of Sikkim, the requirement of PAN Card be substituted with a valid Identity proof issued by Government.

iv. Records of all communications sent, replies received and decisions taken in the matter shall be properly maintained. The same information shall also be linked to and available in each such folio.

v. **Securities holders who are unable to respond to RTA** call and provide PAN and bank details within 180 days of the circular or have informed that the securities available in their name as per the records of RTA does not belong to them, shall be subject to enhanced due diligence by Issuer Company.

vi. **A list of all such accounts with complete details shall be shared by the RTAs with the Issuer Companies within 30 days of completion of notice period of the last reminder.**

Thereafter any transaction in the physical securities should done be with enhanced supervision by company and RTAs.

13. The Issuer Company and RTAs shall exercise enhanced due diligence in following cases:

i. Where dividend/interest/redemption remains unpaid for three years & above

ii. PAN / bank account details not available in the folio.

iii. Unclaimed suspense account constituted pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations.

iv. IEPF suspense account set up pursuant to Companies Act 2013.

v. Any other stringent criteria as decided by the Issuer Company and the RTAs.

RTAs shall maintain a list of such account folios and share with the Issuer Company at the end of every quarter of a financial year.

14. RTAs shall have system based alerts for processing of all transactions in such account folios referred above in para 13. In case any request for transactions is received from such folios, the Issuer Company and RTAs shall exercise enhanced due diligence. For the purpose of exercising enhanced due diligence, Issuer Companies and/or RTAs shall call for documents related to proof of identity/address, PAN and bank details , and such other additional procedures that would enable the Issuer Company/RTA to reasonably satisfy itself about the genuineness of the request.

15. RTAs shall **maintain a register containing details of records**

<p>and documents destroyed. The register shall inter alia contain the following particulars: description of the records and documents destroyed, name of authority authorizing the destruction, date of authorization of destruction, destroyed in whose presence (with signature) and date of destruction. The authenticity of the register shall be verified during internal audit. The register shall be maintained till perpetuity.</p>						
<p>III. Compulsory internal audit of RTAs</p> <p>1. All RTAs are required to carry out internal audit <i>on annual basis</i> by independent qualified Chartered Accountants or Company Secretaries or Cost and Management Accountants and Certified Information Systems Auditor (CISA) who don't have any conflict of interest.</p> <p>2. Eligibility of auditors for conducting the Internal Audit of the RTA</p> <p>i. The audit firm shall have a <u>minimum experience of three years in the financial sector.</u></p> <p>ii. An auditor shall be appointed <u>for a maximum term of five years, with a cooling-off period of two years.</u></p> <p>3. The audit shall cover all aspects of RTA operations including investor grievance redressal mechanism and compliance with the requirements stipulated in the SEBI Act, Rules and Regulations made thereunder, and guidelines/circulars issued by SEBI from time to time. The scope of the audit shall cover all issues concerning the functioning of RTAs.</p> <p>4. The report shall state the <u>methodology adopted, deficiencies observed, and consideration of response of the management on the deficiencies.</u></p> <p>5. The report shall include a summary of operations and of the audit, covering the size of operations, number of transactions audited and the number of instances where violations / deviations were observed while making observations on the compliance of any regulatory requirement.</p> <p>6. The report shall comment on the adequacy of systems adopted by the RTAs for compliance with the requirements of regulations and guidelines issued by SEBI and investor grievance redressal.</p> <p>7. The RTA shall submit a copy of report of the internal audit to Issuer Company within three months from the end of the financial year. Copy of the same shall also be preserved by the RTA.</p> <p>8. The Governing Council (i.e. Board of Directors, Board of Partners, proprietor etc. as applicable) of the RTA shall consider the report of the internal auditor and take steps to rectify the deficiencies, if any. The RTA shall send the Action Taken Report to Issuer Company within next one month and a copy thereof shall be maintained by the RTA.</p> <p>9. The Action Taken report shall be submitted in the following format:</p> <table border="1" data-bbox="188 1977 954 2018"> <thead> <tr> <th>Sl.</th> <th>Audit</th> <th>Observations</th> <th>Comment</th> <th>Corrective</th> </tr> </thead> </table>	Sl.	Audit	Observations	Comment	Corrective	<p>1. Check the Internal Audit Report of RTA conducted by independent qualified Chartered Accountants or Company Secretaries or Cost and Management Accountants and Certified Information Systems Auditor (CISA).</p> <p>2. Whether Company has placed the RTA's Internal Audit Report and Action Taken Report before its Board.</p>
Sl.	Audit	Observations	Comment	Corrective		

No	period & name of Issuer Company	of the Auditor	s of the Board of the RTA	actions taken
<p>10. The audit observations along with the corrective steps taken by the RTA shall be placed before the <u>Board of Directors of the Issuer Company</u>.</p> <p>11. <u>The Issuer Companies shall satisfy themselves regarding the adequacy of the corrective measures taken by the concerned RTA.</u> If not satisfied with the corrective measures, Issuer Company may ask RTA to take more stringent corrective measures.</p>				

CHAPTER V

OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS NON-CONVERTIBLE DEBT SECURITIES OR NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES OR BOTH

Applicability

49. (1) The provisions of this chapter shall apply only to a listed entity which has listed its 'Non-convertible Debt Securities' and/or 'Non-Convertible Redeemable Preference Shares' on a recognised stock exchange in accordance with **Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008** or **Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013** respectively.

(2) The provisions of this chapter shall also be applicable to "perpetual debt instrument" and "perpetual non-cumulative preference share" listed by banks.

Explanation (1).- For the purpose of this chapter, "Bank" means any bank included in the Second Schedule to the Reserve Bank of India Act, 1934.

Explanation (2).- For the purpose of this chapter, if the listed entity has listed its non-convertible redeemable preference shares:

- (i) The reference to "interest" may also read as dividend;
- (ii) The provisions concerning debenture trustees and security creation (or asset cover or charge on assets) shall not be applicable for "non-convertible redeemable preference shares"

Regulation No	Provisions	Check Point
50	Intimation to stock exchange(s)	
1	The listed entity shall give prior intimation to the stock exchange(s) at least <u>eleven working days</u> before the date on and from which the <u>interest on debentures and bonds, and redemption amount of redeemable shares or of debentures and bonds shall be payable.</u>	Check the Intimation date and date of payment of interest or redemption amount
2	The listed entity shall intimate the stock exchange(s), its intention to raise funds through new non-convertible debt securities or non-convertible redeemable preference shares it proposes to list either through a public issue or on	Check whether company has intimated to the Stock Exchange about the proposed fund raising before its Board meeting, where

	private placement basis, prior to issuance of such securities: Provided that the above intimation may be given prior to the meeting of board of directors wherein the proposal to raise funds through new non convertible debt securities or non-convertible redeemable preference shares shall be considered.	the proposal was supposed to be discussed.
3	The listed entity shall intimate to the stock exchange(s), at least two working days in advance , excluding the date of the intimation and date of the meeting, regarding the meeting of its board of directors, at which the recommendation or declaration of issue of non convertible debt securities or any other matter affecting the rights or interests of holders of non convertible debt securities or non convertible redeemable preference shares is proposed to be considered.	Check whether company has intimated to the stock exchange(s), at least 2 working days in advance , regarding the meeting of its board of directors, at which the recommendation or declaration of issue of non convertible debt securities or any other matter affecting the rights or interests of holders of non convertible debt securities or non convertible redeemable preference shares is proposed to be considered
51	Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information	
1	The listed entity shall promptly inform the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend of non-convertible preference shares or redemption of non convertible debt securities or redeemable preference shares. Explanation.- The expression 'promptly inform', shall imply that the stock exchange must be informed as soon as practically possible and without any delay and that the information shall be given first to the stock exchange(s) before providing the same to any third party.	Check whether listed entity has informed promptly the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend
2	Without prejudice to the generality of sub-regulation(1), the listed entity who has issued or is issuing non-convertible debt securities and/or non-convertible redeemable preference shares shall make disclosures as specified in Part B of Schedule III.	Check whether listed entity has informed promptly the stock exchange(s) of all information as specified in Part B of Schedule III.
PART B: DISCLOSURE OF INFORMATION HAVING BEARING ON PERFORMANCE/OPERATION OF LISTED ENTITY AND/OR PRICE SENSITIVE INFORMATION: NON-CONVERTIBLE DEBT SECURITIES & NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES [See Regulation 51(2)]		

A. The listed entity shall promptly inform to the stock exchange(s) of all information which shall have bearing on performance/operation of the listed entity or is price sensitive or shall affect payment of interest or dividend of non-convertible preference shares or redemption of non convertible debt securities or redeemable preference shares including :

(1) expected default in timely payment of interests/preference dividend or redemption or repayment amount or both in respect of the non-convertible debt securities and non-convertible redeemable preference shares and also default in creation of security for debentures as soon as the same becomes apparent;

(2) any attachment or prohibitory orders restraining the listed entity from transferring non-convertible debt securities or non-convertible redeemable preference shares from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details;

(3) any action which shall result in the redemption, conversion, cancellation, retirement in whole or in part of any non-convertible debt securities or reduction, redemption, cancellation, retirement in whole or in part of any non-convertible redeemable preference shares;

(4) any action that shall affect adversely payment of interest on non-convertible debt securities or payment of dividend on non-convertible redeemable preference shares including default by issuer to pay interest on non-convertible debt securities or redemption amount and failure to create a charge on the assets;

(5) any change in the form or nature of any of its non-convertible debt securities or non-convertible redeemable preference shares that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;

(6) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;

(7) any events such as strikes and lock outs. which have a bearing on the interest payment/ dividend payment / principal repayment capacity;

(8) details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, listed entity and /or the assets along with its comments thereon, if any;

(9) delay/ default in payment of interest or dividend / principal amount /redemption for a period of **more than three months from the due date**;

(10) failure to create charge on the assets within the stipulated time period;

(11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programmes of the dues/debts of the listed entity with any investor(s)/lender(s).

Explanation.- For the purpose of this sub-para, 'default' shall mean Non-payment of interest

or principal amount in full on the pre-agreed date and shall be recognized at the first instance of delay in servicing of any interest or principal on debt.

(12) any major change in composition of its board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(13) any revision in the rating;

(14) the following **approvals by board of directors** in their meeting:-

(a) the decision to pass any interest payment;

(b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;

(15) all the information, report, notices, call letters, circulars, proceedings, etc concerning non-convertible redeemable preference shares or non convertible debt securities;

(16) any other change that shall affect the rights and obligations of the holders of non-convertible debt securities / non-convertible redeemable preference shares, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the listed entity as well as price sensitive information.

52. Financial Results

1	<p>The listed entity shall prepare and submit un-audited or audited financial results on a half yearly basis in the format as specified by the Board <u>within forty five days from the end of the half year to the recognised stock exchange(s)</u>. Provided that in case of entities which have listed their equity shares and debt securities, a copy of the financial results submitted to stock exchanges <u>shall be provided to Debenture Trustees on the same day the information is submitted to stock exchanges</u></p>	<p>1. Check whether company has submitted half yearly result to the Stock Exchange within 45 days from the end of half year.</p> <p>2. Check whether company has provided financial results to the <u>Debenture Trustees on the same day</u>.</p>
2	<p>The listed entity shall comply with following requirements with respect to preparation, approval, authentication and publication of annual and half-yearly financial results: (a) Un-audited financial results shall be accompanied by limited review report prepared by the statutory auditors of the listed entity or in case of public sector undertakings, by any practising Chartered Accountant, in the format as specified by the Board: Provided that if the listed entity intimates in advance to the stock exchange(s) that it shall submit to the stock exchange(s) its annual audited results within sixty days from the end of the financial year, un-audited financial results for the</p>	<p>1. Check whether company has submitted Limited Review Report in case of unaudited and Audit Report in case of Audited Financials.</p> <p>2. Whether company has submitted audited financial results for the entire financial year, as soon as they are approved by the board of directors.</p>

	<p>last half year accompanied by limited review report by the auditors need not be submitted to stock exchange(s).</p> <p>(b) Half-yearly results shall be taken on record by the board of directors and signed by the managing director / executive director.</p> <p>(c) The audited results for the year shall be submitted to the recognised stock exchange(s) in the same format as is applicable for half-yearly financial results.</p> <p>(d) If the listed entity opts to submit un-audited financial results for the last half year accompanied by limited review report by the auditors, it shall also submit audited financial results for the entire financial year, as soon as they are approved by the board of directors.</p> <p>(e) <u>Modified opinion(s) in audit reports that have a bearing on the interest payment/ dividend payment pertaining to non-convertible redeemable debentures/ redemption or principal repayment capacity of the listed entity shall be appropriately and adequately addressed by the board of directors</u> while publishing the accounts for the said period.</p>	
3	<p>(a) The annual audited financial results shall be submitted along with the annual audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion) Provided that, in case of audit reports with unmodified opinion, the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.</p> <p>(b) The Statement on Impact of Audit Qualifications for audit report with modified opinion and the accompanying annual audit report submitted in terms of clause (a) shall be reviewed by the stock exchange(s).</p> <p>(d) The applicable format of Statement on Impact of Audit Qualifications (for audit report with modified opinion) shall be in the manner as specified by the Board.</p>	<p>1. Check in case of audit reports with unmodified opinion, whether company has furnished a declaration to that effect to the Stock Exchange(s) while <u>publishing the annual audited financial results</u>.</p>
4	<p>The listed entity, while submitting half yearly / annual financial results, shall disclose the following line items along with the financial results:</p>	<p>1. Check whether company has disclosed the required information as required under Regulation 52(4)</p>

	<p>(a) credit rating and change in credit rating (if any);</p> <p>(b) asset cover available, in case of non convertible debt securities;</p> <p>(c) debt-equity ratio;</p> <p>(d) previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/ repayment of principal of non-convertible preference shares /non convertible debt securities and whether the same has been paid or not; and,</p> <p>(e) next due date for the payment of interest/ dividend of non-convertible preference shares /principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount;</p> <p>(f) debt service coverage ratio;</p> <p>(g) interest service coverage ratio;</p> <p>(h) outstanding redeemable preference shares (quantity and value);</p> <p>(i) capital redemption reserve/debenture redemption reserve;</p> <p>(j) net worth;</p> <p>(k) net profit after tax;</p> <p>(l) earnings per share:</p> <p>Provided that the requirement of disclosures of debt service coverage ratio, asset cover and interest service coverage ratio shall not be applicable for banks or non banking financial companies registered with the Reserve Bank of India.</p> <p>Provided further that the requirement of this sub-regulation shall not be applicable in case of unsecured debt instruments issued by regulated financial sector entities eligible for meeting capital requirements as specified by respective regulators.</p>	<p>along with the financial results.</p> <p>2. Check whether company has forwarded half yearly communication to all non - convertible debt securities and non-convertible preference shares holders.</p>
5	<p>The listed entity shall, within seven working days from the date of submission of the information required under sub- regulation (4), submit to stock exchange(s), <u>a certificate signed by debenture trustee that it has taken note of the contents</u></p>	<p>Check whether company has submitted within 7 working days from the date of submission of the information required under regulation 52(4) to the stock exchange the certificate signed by the debenture trustee that it has taken note of the contents</p>
6	<p>The listed entity which has listed its non convertible redeemable preference shares shall make the <u>following additional disclosures as notes to financials:</u></p> <p>(a) profit for the half year and cumulative profit for</p>	<p>In case of companies which has listed its non convertible redeemable preference shares, check whether additional disclosures as</p>

	<p>the year; (b) free reserve as on the end of half year; (c) securities premium account balance (if redemption of redeemable preference share is to be done at a premium, such premium may be appropriated from securities premium account): Provided that disclosure on securities premium account balance may be provided only in the year in which non convertible redeemable preference shares are due for redemption; (d) track record of dividend payment on non convertible redeemable preference shares: Provided that in case the dividend has been deferred at any time, then the actual date of payment shall be disclosed; (e) breach of any covenants under the terms of the non convertible redeemable preference shares:</p> <p>Provided that in case a listed entity is planning a fresh issuance of shares whose end use is servicing of the non convertible redeemable preference shares (whether dividend or principle redemption), then the same shall be disclosed whenever the listed entity decided on such issuances.</p>	<p>required under Regulation 52(6) has been made as notes to financials</p>
7	<p>The listed entity shall submit to the stock exchange on a half yearly basis along with the half yearly financial results, <u>a statement indicating material deviations, if any, in the use of proceeds of issue of non convertible debt securities and non-convertible redeemable preference shares</u> from the objects stated in the offer document</p>	<p>In case of deviations in the use of proceeds of issue of non convertible debt securities and non-convertible redeemable preference shares from the objects stated in the offer document, check whether company has submitted along with the half yearly results, the statement of deviation.</p>

CIRCULAR

SEBI/HO/DDHS/08/2020

January 17, 2020

Sub: Format for Statement indicating Deviation or Variation in the use of proceeds of issue of listed non-convertible debt securities or listed nonconvertible redeemable preference shares (NCRPs)

1. As per Regulations 52(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations'), a listed entity is required to submit to the stock exchange, a statement indicating deviation or variation, if any, in the use of proceeds of issue of non-convertible debt securities or non-convertible redeemable preference shares (NCRPs), from the objects stated in the offer document/Information memorandum.
2. SEBI vide circular no. CIR/CFD/CMD1/162/2019 dated December 24, 2019, has prescribed a format for the statement indicating deviation or variation in the use of proceeds of issue for entities whose specified securities are listed. It is felt that a similar format be issued for listed entities which have listed its non-convertible debt securities or NCRPs on the stock

exchange(s).

3. Accordingly, it has been decided that listed entities which have issued nonconvertible debt securities or NCRPs, shall submit the statement indicating deviation or variation, if any, in the format placed at Annexure-A of this circular on half yearly basis.

4. The salient features of the format are as under:

a. Applicability: The format for the statement indicating deviation or variation shall be applicable for funds raised by entities through issuance of non-convertible debt securities or NCRPs, which are listed.

b. Frequency of Disclosure: The statement indicating deviation or variation shall be submitted to the Stock Exchange(s) on half yearly basis within 45 days of end of the half year until such funds are fully utilised or the purpose for which these proceeds were raised has been achieved.

c. Role of the Audit Committee: The statement indicating deviation report shall be placed before the Audit Committee of the listed entity for review on half yearly basis and after such review, the comments of Audit Committee along with the report shall be disclosed/submitted to the stock exchange, as part of the format. In cases where the listed entity is not required to have an audit committee under the provisions of SEBI LODR Regulations or Companies Act, 2013, the word 'Audit Committee' shall be replaced with 'Board of Directors'.

5. The first such submission shall be made by the listed entities for the half year ended March 31, 2020; subsequent submissions shall be made on half yearly basis as explained above.

Annexure-A-Statement of Deviation or Variation

Name of listed entity						
Mode of Fund Raising		Public Issues / Private Placement				
Type of instrument		Non-Convertible Debentures/Non-Convertible Redeemable Preference Shares				
Date of Raising Funds						
Amount Raised		(INR Crores)				
Report filed for half year ended						
Is there a Deviation / Variation in use of funds raised ?						
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?		Yes / No				
If yes, details of the approval so required?						
Date of 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 half year according to applicable	Remarks, if any

					object (INR Crores and in %)	
Deviation could mean: (a) Deviation in the objects or purposes for which the funds have been raised (b) Deviation in the amount of funds actually utilized as against what was originally disclosed. Name of Signatory Designation						
8	The listed entity shall, within two calendar days of the conclusion of the meeting of the board of directors, publish the financial results and statement referred to in sub-regulation (4) , in at least <u>one English national daily newspaper circulating in the whole or substantially the whole of India.</u>				Check whether company has published financial results and information as specified in regulation 52(4) within two calendar days.	
Informal Guidance						
Brief Facts:- ONGC Videsh Limited is a wholly owned subsidiary of Oil and Natural Gas Corporation Limited ("ONGC"). ONGC Videsh Limited is in the business of exploration and production of oil and gas and other hydrocarbon related activities outside India. The Company has issued NCDs which are listed on NSE and the equity shares of the company are presently not listed on any stock exchanges in India. The Company was submitting its half yearly financial results to NSE on both standalone and consolidated basis, prior to the implementation of Ind AS (w.e.f. April 01, 2016). Thereafter the Company has been submitting only its standalone half-yearly financial results to NSE under Regulation 52 of LODR Regulations. Further the Company has been publishing its consolidated financial results and/or other material information from time to time via press releases, consistent with the broad provision and market practice under LODR Regulations. Regulation 52 of LODR Regulations requires an entity whose NCDs and/or NCRPS are listed to submit the half yearly unaudited financial results within 45 days of from the end of the half year, or annual audited financial results within 60 days from the end of the financial year (in which case the half-yearly disclosure would not be required). SEBI vide its circular dated November 27, 2015, prescribed the format of submission of financial results under Regulation 52 of LODR Regulations and modified vide its Circular dated August 10, 2016 post the implementation of Ind AS. Regulation 52 of LODR Regulation or SEBI Circulars does not specify whether an entity is required to submit its financial results on only standalone basis or on consolidated basis or both. Regulation 33 of LODR Regulation which deals with reporting obligations for an entity whose equity shares and/or convertible securities are listed, mandates such entity to submit quarterly, half-yearly and annual financial results on standalone basis and in event of any subsidiaries, also on consolidated basis. Regulation 4 of LODR Regulations, which is applicable for all listed entities (whether equity or debt listed), provides that a listed entity						

shall ensure timely and accurate disclosure of all material matters including the financial situation in the prescribed standards of disclosure. In this relation, the circumstances in which consolidated financial results may or may not be considered material is not specified where standalone financial results are already published.

Queries:-

In view of applicable provision of SEBI Listing Regulations as amended up to date, **whether the Company can submit its consolidated financial results over and above the standalone financial results to the stock exchange in terms of Regulation 52 of the SEBI Listing Regulations?**

If SEBI's guidance is that the Company should commence the submission of its consolidated financial results to NSE, in addition to its standalone half-yearly financial results, please provide the manner in which the Company may commence such reporting under the SEBI Listing Regulations?

Informal Guidance:-

We have considered the submissions made by you in your letter under reference and it is clarified that at present, in cases where the listed entity has only listed debt securities, the requirement in Regulation 52(1) of LODR Regulations **is for submission of only standalone financial results**

Annual Report

53	<p>The annual report of the listed entity shall contain disclosures as specified in Companies Act, 2013 along with the following:</p> <p>(a) audited financial statements i.e. balance sheets, profit and loss accounts etc , and Statement on Impact of Audit Qualifications as stipulated in regulation 52(3)(a), if applicable;</p> <p>(b) cash flow statement presented only under the indirect method as prescribed in Accounting Standard-3/ Indian Accounting Standard 7, mandated under 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;</p> <p>(c) auditors report;</p> <p>(d) directors report;</p> <p>(e) name of the debenture trustees with full contact details ;</p> <p>(f) related party disclosures as specified in Para A of Schedule V.</p>	<p>Check annual report and ascertain whether company has disclosed the information as specified in Regulation 53.</p>
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54. Asset Cover

1	<p>In respect of its listed non-convertible debt securities, the listed entity shall maintain hundred per cent. <u>asset cover sufficient to discharge the principal amount</u> at all times for the non-convertible debt securities issued.</p>	<p>Check the asset cover created by listed company who has issued non-convertible debt securities.</p>
2	<p>The listed entity shall disclose to the stock exchange in quarterly, half-yearly, year-to-date and annual financial statements, as applicable, the <u>extent and nature of security created and</u></p>	<p>Check whether company has disclosed to the stock exchange along with the financial statements, extent</p>

	<u>maintained with respect to its secured listed non-convertible debt securities.</u>	and nature of security created and maintained.
3	The requirement specified in sub-regulation (1), shall not be applicable in case of unsecured debt securities issued by regulated financial sector entities eligible for meeting capital requirements as specified by respective regulators.	
Credit Rating		
55	Each rating obtained by the listed entity with respect to non-convertible debt securities shall be <u>reviewed at least once a year by a credit rating agency registered by the Board</u>	Check whether ratings obtained by the company was reviewed during the financial year
56. Documents and Intimation to Debenture Trustees		
1	<p>The listed entity shall forward the following to the debenture trustee promptly:</p> <p>(a) <u>a copy of the annual report</u> at the same time as it is issued along with a copy of certificate from the listed entity's auditors in respect of utilisation of funds during the implementation period of the project for which the funds have been raised: Provided that in the case of debentures or preference shares issued for financing working capital or general corporate purposes or for capital raising purposes the copy of the auditor's certificate may be submitted at the end of each financial year till the funds have been fully utilised or the purpose for which these funds were intended has been achieved.</p> <p>(b) a copy of <u>all notices, resolutions and circulars</u> relating to-</p> <p>(i) <u>new issue of non convertible debt securities</u> at the same time as they are sent to shareholders/ holders of non convertible debt securities;</p> <p>(ii) <u>the meetings of holders of non-convertible debt securities</u> at the same time as they are sent to the holders of non convertible debt securities or advertised in the media including those relating to proceedings of the meetings;</p> <p>(c) <u>intimations regarding :</u></p> <p>(i) <u>any revision in the rating;</u></p> <p>(ii) any <u>default in timely payment</u> of interest or redemption or both in respect of the non convertible debt securities;</p> <p>(iii) <u>failure to create charge</u> on the assets;</p> <p>(d) a <u>half-yearly certificate regarding maintenance of hundred percent. asset cover in respect of listed non convertible debt securities</u>, by <u>either a practicing company secretary or a practicing chartered accountant</u>, along with the half yearly financial results:</p>	Check whether company has submitted promptly the documents/information as specified in Regulation 56(1) to the Debenture Trustee.

	Provided that submission of such half yearly certificates is not applicable in cases where a listed entity is a bank or non banking financial companies registered with Reserve Bank of India or where bonds are secured by a Government guarantee.	
2	The listed entity shall forward to the debenture trustee any <u>such information sought</u> and provide access to relevant books of accounts as required by the debenture trustee.	Take management confirmation regarding providing of information sought and access to debenture trustee to relevant books of accounts
3	The listed entity may, subject to the consent of the debenture trustee, send the information stipulated in sub-regulation (1), in electronic form/fax.	
57. Other submissions to stock exchange(s)		
1	The listed entity shall submit a certificate to the stock exchange <u>within two days of the interest or principal or both becoming due</u> that it has made timely payment of interests or principal obligations or both in respect of the non convertible debt securities .	Check the certificate submitted by the company to the Stock exchange regarding timely payment of interest or principal or both within 2 days of the interest or principal becoming due.
2	The listed entity shall provide an undertaking to the stock exchange(s) on annual basis stating that all documents and intimations required to be submitted to Debenture Trustees in terms of Trust Deed and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 have been complied with.	Check the annual undertaking submitted to the Stock Exchange pursuant to Regulation 57(2).
3	The listed entity shall forward to the stock exchange any other information in the manner and format as specified by the Board from time to time	
58. Documents and information to holders of non - convertible debt securities and non-convertible preference shares		
1	(1) The listed entity shall send the following documents: (a) <u>Soft copies of full annual reports</u> to all the holders of non convertible preference share who have registered their email address(es) for the purpose ; (b) Hard copy of statement containing the salient features of all the documents , as specified in Section 136 of Companies Act, 2013 and rules made thereunder to those holders of non convertible preference share who have not so registered ; (c) Hard copies of full annual reports to those holders of non convertible debt securities and non convertible preference share, who request for the same . (d) Half yearly communication as specified in sub-regulation (4) and (5) of regulation 52 , to holders of non convertible debt securities and non	1. Check whether company has forwarded annual reports to all non - convertible debt securities and non-convertible preference shares holders 2. Check whether company has forwarded half yearly communication to all non - convertible debt securities and non-convertible preference shares holders.

	convertible preference shares;	
2	The listed entity shall send the notice of all meetings of holders of non convertible debt securities and holders of non-convertible redeemable preference shares <u>specifically stating that the provisions for appointment of proxy as mentioned in Section 105 of the Companies Act, 2013, shall be applicable for such meeting.</u>	Check the dispatch details of all meeting notice sent to non convertible debt securities and holders of non-convertible redeemable preference shares.
3	The listed entity shall send proxy forms to holders of non convertible debt securities and non-convertible redeemable preference shares which shall be worded in such a manner that holders of these securities may vote either for or against each resolution	Check whether company has sent proxy form along with Notice and also check whether appointment & voting through proxy was clearly mentioned in it.
59. Structure of non convertible debt securities and non convertible redeemable preference shares.		
1	The listed entity shall not make material modification without prior approval of the stock exchange(s) where the non convertible debt securities or non-convertible redeemable preference shares, as applicable, are listed, to : (a) <u>the structure of the debenture in terms of coupon, conversion, redemption, or otherwise.</u> (b) <u>the structure of the non-convertible redeemable preference shares in terms of dividend of non-convertible preference shares payable, conversion, redemption, or otherwise.</u>	Check whether company has taken prior approval from Stock Exchange before making material modification in listed debenture or non-convertible redeemable preference shares.
2	The approval of the stock exchange referred to in sub-regulation (1) shall be made only after : (a) <u>approval of the board of directors and the debenture trustee</u> in case of non-convertible debt securities and (b) after complying with the provisions of Companies Act, 2013 including approval of the <u>consent of requisite majority of holders of that class of securities.</u>	Whether company has taken prior approval from its Board of Directors, its Debenture Trustee and its holders of that class of securities before applying to the Stock Exchange approval under regulation 59(1)
60. Record Date		
1	The listed entity shall fix a record date for purposes of payment of interest, dividend and payment of redemption or repayment amount or for such other purposes as specified by the stock exchange.	
2	The listed entity shall give notice in advance of at <u>least seven working days</u> (excluding the date of intimation and the record date) to the recognised stock exchange(s) of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date.	Check the advance notice given to the Stock Exchange intimating the record date.
61. Terms of non convertible debt securities and non convertible redeemable preference shares.		
1	The listed entity shall ensure timely payment of interest or dividend of non-convertible redeemable preference shares or redemption payment: Provided that the listed entity <u>shall not declare or distribute any dividend wherein</u>	

	it has defaulted in <u>payment of interest on debt securities or redemption thereof</u> or in creation of security as per the terms of the issue of debt securities: Provided further that this requirement shall not be applicable in case of unsecured debt securities issued by regulated financial sector entities eligible for meeting capital requirements as specified by respective regulators.	
2	The listed entity <u>shall not forfeit unclaimed</u> interest/dividend and such unclaimed interest/dividend shall be transferred to the 'Investor Education and Protection Fund' set up as per Section 125 of the Companies Act, 2013.	
3	Unless the terms of issue provide otherwise, the listed entity shall not select any of its listed securities for redemption otherwise than pro rata basis or by lot.	
4	The listed entity shall comply with requirements as specified in regulation 40 for transfer of securities including procedural requirements specified in Schedule VII.	
62. Website		
1	The listed entity shall maintain a functional website containing the following information about the listed entity:- (a) <u>details of its business</u> ; (b) <u>financial information</u> including complete copy of the annual report including balance sheet, profit and loss account, directors report etc; (c) contact information of the designated officials of the listed entity who are <u>responsible for assisting and handling investor grievances</u> ; (d) <u>email address for grievance redressal</u> and other relevant details; (e) <u>name of the debenture trustees</u> with full contact details; (f) <u>the information, report, notices, call letters, circulars, proceedings</u> , etc concerning non-convertible redeemable preference shares or non-convertible debt securities; (g) <u>all information and reports including compliance reports filed by the listed entity</u> ; (h) information with respect to the following events: (i) <u>default by issuer to pay interest on or redemption amount</u> ; (ii) <u>failure to create a charge</u> on the assets; (iii) <u>revision of rating</u> assigned to the non-convertible debt securities;	1. Check company's website and ascertain whether all the information as required under Regulation 62(1) has been posted or not. 2. Take management confirmation regarding timely posting of information in the website and information is correct and updated at any given point of time.
2	The listed entity may also issue a press release with respect to the events specified in sub-regulation (1).	
3	The listed entity shall ensure that the contents of the website are correct and updated at any given point of time	

CIRCULAR

SEBI/HO/CFD/CMD/CIR/P/2020/12

January 22, 2020

Sub: Non-compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Standard Operating Procedure for suspension and revocation of trading of specified securities.

1. In exercise of powers under Section 11A(2) of the SEBI Act, 1992 read with Section 9 and 21 of the Securities Contracts (Regulation) Act, 1956 and read with regulation 98 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), SEBI had issued a Circular bearing reference number SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018 specifying the uniform structure for imposing fines as a first resort for non-compliance with certain provisions of the Listing Regulations, freezing of entire shareholding of the promoter and promoter group and the standard operating procedure for suspension of trading in case the non-compliance is continuing and/or repetitive.
2. Pursuant to the amendments to Listing Regulations and to further streamline the Standard Operating Procedure for dealing with non-compliances, it has been decided to issue the present Circular in supersession of the said Circular bearing number SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018.
3. Henceforth, the stock exchanges shall, having regard to the interests of investors and the securities market:
 - a) Take action in case of non-compliances with the Listing Regulations as specified in **Annexure I** of this Circular, and.
 - b) Follow the Standard Operating Procedure ("SOP") for suspension and revocation of suspension of trading of specified securities as specified in **Annexure II** of this Circular.

Stock Exchanges may deviate from the above, if found necessary, only after recording reasons in writing.

4. In order to ensure effective enforcement of the Listing Regulations, the depositories, on receipt of intimation from the concerned recognized stock exchange, shall freeze or unfreeze, as the case may be, the entire shareholding of the promoter(s) in such non-compliant listed entity as well as all other securities held in the demat account of the promoter(s). Further, if a non-compliant entity is listed on more than one recognized stock exchange, the concerned recognized stock exchanges shall take uniform action under this Circular in consultation with each other.
5. The recognized stock exchanges shall take necessary steps to implement this circular. The recognized stock exchanges shall disclose on their website the action(s) taken against the listed entities for non-compliance(s); including the details of the respective requirement, amount of fine levied, details regarding the freezing of shares of promoters, the period of suspension etc.
6. The recognized stock exchanges may keep in abeyance the action against any non-compliant entity or withdraw the action in specific cases where specific exemption from compliance with the requirements under the Listing Regulations/moratorium on enforcement proceedings has been provided for under any Act, Court/Tribunal Orders etc.
7. The above provisions are without prejudice to the power of SEBI to take action under the

securities laws.

8. The recognized stock exchanges are advised to bring the provisions of this Circular to the notice of listed entities and the listed entities shall in turn bring the same to the notice of their promoter(s).
9. This Circular shall come into force with effect from compliance periods ending on or after March 31, 2020. It may be noted that the SoP circular dated May 03, 2018 would be applicable till the time current SoP circular comes into force.

ANNEXURE I

ACTION TO BE TAKEN IN CASE OF NON-COMPLIANCES

1. The recognized stock exchanges shall take action for non-compliance with the provisions of the Listing Regulations & circulars/guidelines issued thereunder, by a listed entity as under:

Sl. No.	Regulation	Fine payable and/or other action to be taken for non-compliance in respect of listed entity
1.	Regulation 6(1) Non-compliance with requirement to appoint a qualified company secretary as the compliance officer	₹ 1,000 per day
2.	Regulation 7(1) Non-compliance with requirement to appoint share transfer agent	₹ 1,000 per day
3.	Regulation 13(1)* Failure to ensure that adequate steps are taken for expeditious redressal of investor complaints	₹ 1,000 per day
4.	Regulation 13(3) Non-submission of the statement on shareholder complaints within the period prescribed under this regulation or under any circular issued in respect of redressal of investor grievances	₹ 1,000 per day
5.	Regulation 17(1) Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director	₹ 5,000 per day
6.	Regulation 17(1A) Non-compliance with the requirements pertaining to appointment or continuation of Non-executive director who has attained the age of seventy five years	₹ 2,000 per day

* Fines would be imposed even during suspension period for non-compliance of regulation 13(1), the modalities of the same would be dealt as part of a separate circular.

7.	Regulation 17(2) Non-compliance with the requirements pertaining to the number of Board meetings	₹ 10,000 per instance
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8.	Regulation 17(2A) Non-compliance with the requirements pertaining to quorum of Board meetings.	₹ 10,000 per instance
9.	Regulation 18(1) Non-compliance with the constitution of audit committee	₹ 2,000 per day
10.	Regulation 19(1)/ 19(2) Non-compliance with the constitution of nomination and remuneration committee	₹ 2,000 per day
11.	Regulation 20(2) / (2A) Non-compliance with the constitution of stakeholder relationship committee	₹ 2,000 per day
12.	Regulation 21(2) Non-compliance with the constitution of risk management committee	₹ 2,000 per day
13.	Regulation 23 (9) Non-compliance with disclosure of related party transactions on consolidated basis.	₹ 5,000 per day
14.	Regulation 24A Non-compliance with submission of secretarial compliance report	₹ 2000 per day
15.	Regulation 27(2) Non-submission of the Corporate governance compliance report within the period provided under this regulation	₹ 2,000 per day
16.	Regulation 28 (1) Non-compliance with obtaining in-principle approval of stock exchange(s) before issuance of securities.	₹ 50,000 per instance
17.	Regulation 29(2)/29(3) Delay in furnishing prior intimation about the meeting of the board of directors	₹ 10,000 per instance of non-compliance per item
18.	Regulation 31 Non-submission of shareholding pattern within the period prescribed	₹ 2,000 per day
19.	Regulation 31A(3)(a) Non-compliance pertaining to delay in submission of reclassification application to stock exchanges	₹ 5,000 per day
20.	Regulation 32(1) Non-submission of deviations/ variations in utilization of issue proceeds	₹ 1,000 per day
21.	Regulation 33 Non-submission of the financial results within the period prescribed under this regulation (Levy of fine is in addition to 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.)	₹ 5,000 per day

22.	Regulation 34 Non-submission of the Annual Report within the period prescribed under this regulation	₹ 2,000 per day
23.	Regulation 42(2)/42(3)/ 42(4)/42(5) Delay in/ non-disclosure of record date/ dividend declaration or non-compliance with ensuring the prescribed time gap between two record dates/ book closure dates	₹ 10,000 per instance of non-compliance per item
24.	Regulation 43A Non-disclosure of Dividend Distribution Policy in the Annual Report and on the websites of the entity.	₹ 25,000 per instance
25.	Regulation 44(3) Non-submission of the voting results within the period provided under this regulation	₹ 10,000 per instance of non-compliance
26.	Regulation 44(5) Non-convening of annual general meeting within a period of five months from the close of financial year.	₹ 25,000 per instance
27.	Regulation 45(3) Non-obtaining approval of stock exchange(s) before filing request for change of name with Registrar of Companies.	₹ 25,000 per instance
28.	Regulation 46 Non-compliance with norms pertaining to functional website	Advisory/warning letter per instance of non-compliance per item ₹ 10,000 per instance for every additional advisory/warning letter exceeding the four advisory/warning letters in a financial year

2. Concerned recognized stock exchange(s) shall display on their website non-compliance by the listed entity and details of fine levied/ action taken.
3. The amount of fine realized as per the above structure shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.
4. The fine specified above shall continue to accrue till the time of rectification of the non-compliance to the satisfaction of the concerned recognized stock exchange or till the scrip of the listed entity is suspended from trading for non-compliance with aforesaid provisions*. Such accrual shall be irrespective of any other disciplinary/enforcement action(s) initiated by recognized stock exchange(s)/SEBI.
5. Every recognized stock exchange shall review the compliance status of the listed entities and shall issue notices to the non-compliant listed entities within 30 days from the due date of submission of information. Non-compliant listed entity shall ensure compliance with the requirement(s) and pay fines as per the circular within 15 days from the date of such notice. If the non-compliant listed entity fails to comply with the aforesaid requirement(s) and/or pay fine levied within the stipulated period as per the notice stated above, the concerned

recognized stock exchange(s) shall, upon expiry of the period indicated in the notice, shall issue notices to the promoter(s) of such non-compliant entities, to ensure compliance with the requirement(s) and pay fines within 10 days from the date of such notice. While issuing the aforementioned notices, the recognized stock exchange shall also send intimation to other recognized stock exchange(s) where the shares of the non-compliant entity are listed.

6. The concerned recognized stock exchange(s) shall, upon expiry of the stipulated periods indicated in the aforementioned notices, forthwith intimate the depositories to freeze the entire shareholding of the promoter(s) in such entity as well as all other securities held in the demat accounts, if the non-compliant listed entity fails to comply with the aforesaid requirement(s) and/or pay fine levied. The depository(ies) shall immediately freeze such demat accounts and also intimate the promoter(s) about the details of non-compliances resulting in freezing of their demat accounts.
7. If the non-compliant listed entity subsequently complies with the respective requirement(s) and pays the fine levied, in terms of this circular, the concerned recognized stock exchange(s) shall display on their website details of compliance and fines paid by the listed entity. Simultaneously, the recognized stock exchange(s) shall intimate the depositories to unfreeze the entire shareholding of the promoter(s) in such entity as well as all other securities held in the demat account of the promoter(s), immediately from the date of compliance.
8. If any non-compliant listed entity fails to pay the fine despite receipt of the notice as stated above, the recognized stock exchange(s) may also initiate appropriate enforcement action.
*Fines would be imposed even during suspension period for non-compliance of regulation 13(1), the modalities of the same would be dealt as part of a separate circular.
9. The recognised stock exchange(s) shall also advise the non-compliant listed entity to ensure that the subject matter of non-compliance which has been identified and indicated by the recognised stock exchange(s) and any subsequent action taken by the recognised stock exchange(s) in this regard shall be placed before the Board of Directors of the company in its next meeting. Comments made by the board shall be duly informed to the recognised stock exchange(s) for dissemination.

ANNEXURE II

STANDARD OPERATING PROCEDURE (SOP)

1. If a listed entity is non-compliant with the provisions of the Listing Regulations as specified under paragraph 2 below, in terms of this circular, the concerned recognized stock exchange(s) shall:
 - (a) Move the scrip of the listed entity to "Z" category wherein trades shall take place on 'Trade for Trade' basis by following procedure prescribed at paragraph A below and
 - (b) Suspend trading in the shares of such listed entity by following procedure prescribed at paragraph B below.

If a listed entity rectifies non-compliance with the provisions of the Listing Regulations, the stock exchanges shall neither move the listed entity to "Z" category nor suspend trading in the shares of such listed entity. However, the entire shareholding of the promoter(s) in the non-

compliant listed entity as well as all other securities held in the demat account(s) of the promoter(s) shall remain frozen till the non-compliant listed entity complies with respective requirement(s) and pays the applicable fines.

In cases, where the non-compliant listed entity complies with the respective requirement(s) and pays the applicable fine, the recognized stock exchange(s) shall intimate the depositories to unfreeze the entire shareholding of the promoter(s) in such entity as well as all other securities held in the demat account of the promoter(s), immediately from the date of compliance.

2. Criteria for suspension of the trading in the shares of the listed entities:
 - (a) failure to comply with regulation 17(1) with respect to board composition including appointment of woman director for two consecutive quarters;
 - (b) failure to comply with regulation 18(1) with respect to constitution of audit committee for two consecutive quarters;
 - (c) failure to comply with regulation 27(2) with respect to submission of corporate governance compliance report for two consecutive quarters;
 - (d) failure to comply with regulation 31 with respect to submission of shareholding pattern for two consecutive quarters;
 - (e) failure to comply with regulation 33 with respect to submission of financial results for two consecutive quarters;
 - (f) failure to comply with regulation 34 with respect to submission of Annual Report for two consecutive financial years;
 - (g) failure to submit information on the reconciliation of shares and capital audit report, for two consecutive quarters;
 - (h) receipt of the notice of suspension of trading of that entity by any other recognized stock exchange on any or all of the above grounds.

For the purpose of the Circular, it is clarified that non-compliance for two consecutive quarters of aforementioned Regulations 17(1) and 18(1), refers to two complete consecutive quarters (180 days) of non-compliance.

3. If the non-compliant listed entity complies with the aforesaid requirement(s) after the date of suspension, the recognized stock exchange(s) shall revoke the suspension of trading of its shares by following the procedure prescribed at paragraph C below.
4. If the non-compliant listed entity fails to comply with the aforesaid requirement(s) within 6 months from the date of suspension, the recognized stock exchange(s) shall initiate the process of compulsory delisting of the non-compliant listed entity in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time.

A. Standard operating procedure for moving the scrip to "Z" Category

- i. If a listed entity defaults in complying with the provisions of the Listing Regulations as specified under paragraph 2 above, in terms of this circular, the concerned recognised stock exchange(s) shall, in addition to imposing fine under paragraph 1 in Annexure I of this circular, move the scrip of the listed entity to "Z" category wherein trades shall take place on 'Trade for Trade' basis. However, before moving the scrip to "Z" category, the concerned recognized stock exchange(s) shall

send written intimation to the non-compliant listed entity calling upon it to comply with respective requirement(s) within 7 days of the date of the intimation.

- ii. Simultaneously, the recognized stock exchange(s) shall give 10 days prior public notice to investors before moving the scrip to "Z" category or while moving the scrip out of "Z" category. While issuing the notice, the recognized stock exchange(s) shall intimate the other recognized stock exchange(s) where the shares of the non-compliant entity are listed.
- iii. If the non-compliant listed entity complies with respective requirement(s) two working days before the proposed date of movement of the scrip to "Z" category, the scrip shall not be moved to "Z" category and the concerned recognized stock exchange(s) shall give a public notice on its website informing compliance by the listed entity. While issuing the said notice, the recognized stock exchange(s) shall send intimation of notice to other recognized stock exchange(s) where the shares of the entity are listed.
- iv. The recognised stock exchange(s) shall move back the scrip of the listed entity from "Z" category to the normal trading category (if not suspended as specified in paragraph B below), provided it complies with respective provisions of the Listing Regulations. While moving the scrip back to normal trading category the recognized stock exchange(s) shall intimate the other recognized stock exchange(s) where the shares of the non-compliant entity are listed.

B. Standard operating procedure for suspending the trading

- i. If a listed entity complies with respective provisions of the Listing Regulations, no suspension proceedings would be initiated. However, before suspending the trading of scrip, the concerned recognized stock exchange(s) shall send written intimation to the non-compliant listed entity calling upon it to comply with respective requirement(s) and pay the applicable fine within 21 days of the date of the intimation. While issuing the said intimation, the recognized stock exchange(s) shall also inform other recognized stock exchange(s) where the shares of the non-compliant entity are listed to ensure that the date of suspension is uniform across all the recognised stock exchange(s). Simultaneously, the recognized stock exchange(s) shall give a public notice on its website proposing possible suspension of trading in the shares of the non-compliant listed entity 30 days prior to date of suspension.
- ii. If the non-compliant listed entity complies with respective requirement(s) two working days before the proposed date of suspension, the trading in its shares shall not be suspended and the concerned recognized stock exchange(s) shall give a public notice on its website informing compliance by the listed entity. While issuing the said notice, the recognized stock exchange(s) shall send intimation of notice to other recognized stock exchange(s) where the shares of the entity are listed.
- iii. In case of failure to comply with respective requirement(s), the recognized stock exchange(s) shall suspend the trading in the shares of a non-compliant listed entity. The entire shareholding of the promoter(s) in the non-compliant listed entity as well as all other securities held in the demat account(s) of the promoter(s) shall remain frozen during the period of suspension.

- iv. While suspending trading in the shares of the non-compliant entity, the recognized stock exchange(s) shall send intimation of suspension to other recognized stock exchange(s) where the shares of the non-compliant entity are listed to ensure that the date of suspension is uniform across all the recognised stock exchange(s).
- v. After 15 days of suspension, trading in the shares of non-compliant entity may be allowed on 'Trade for Trade 'basis, on the first trading day of every week for 6 months from the date of suspension. In this regard, the recognized stock exchange(s) shall give instruction to its trading members to obtain confirmation from clients before accepting an order for purchase of shares of the non- compliant listed entity on 'Trade for Trade' basis.
- vi. The recognized stock exchange(s) shall put in place a system to publish a caution message on its trading terminals, as follows: "*Trading in shares of the <Name of the Listed Entity> is presently under 'suspension and trade to trade basis' and trading shall stop completely and compulsory delisting may be initiated if <Name of the Listed Entity> does not become compliant by <Date>".*

C. Standard operating procedure for revocation of suspension of trading.

- i. If the non-compliant listed entity complies with the aforesaid requirement(s) after trading is suspended in the shares of the non-compliant entity, the recognized stock exchange(s) shall, on the date of compliance, give a public notice on its website informing compliance by the listed entity. The recognized stock exchange(s) shall revoke the suspension of trading of its shares after a period of 7 days from the date of such notice. While issuing the said notice, the recognized stock exchange(s) shall send intimation of the notice to other recognized stock exchange(s) where the shares of the entity are listed. After revocation of suspension, the trading of shares shall be permitted only in 'Trade for Trade ' basis for a period of 7 days from the date of revocation and thereafter, trading in the shares of the entity shall be shifted back to the normal trading category.