

## ch-II Listing obligation and Disclosure Requirements

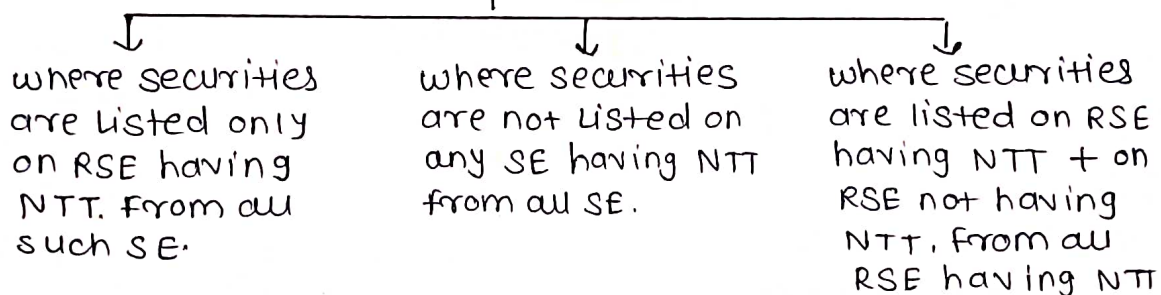
⇒ SEBI (Listing obligation and Disclosure req) Reg. 2015

⇒ Applicability :-

- Indian Depository Receipts.
- Securitized debt instruments
- security receipts.
- Non convertible securities.
- Specified securities listed on Main board or SME or IGP.
- Units issued by mutual fund.
- any other security specified by SEBI

⇒ The provision of these regulations which become applicable to listed entity on the basis of Market capitalisation

⇒ In-principal approval :-



Designated securities :- means

- Specified securities.
- Non-convertible debt security
- Non-convertible redeemable Pref shares.
- Perpetual debt instruments
- Perpetual non-convertible Pref. Shares.
- IDR
- securitised debt instruments
- security receipts
- units issued by MF
- zero coupon, zero principal instrument.

⇒ Specified securities - means

- equity shares and convertible securities as defined under clause (eee) of sub Reg. (i) of Reg. 2 of SEBI (LODR) (ICDR) Reg. 2018

⇒ Listing agreement - means

an agreement that is entered into between a RSE and an entity, on the application of that entity to the RSE, undertaking to comply with conditions for listing of designated securities.

## Reg-17 - Corporate Governance

### Norms

→ Composition of BOD :-

AS PER LODR  
Reg-17.

→ out of total  
at least 50%  
to be NED

AS PER CO. ACT  
Sec. 149.

→ Public - at L 3  
Private - 2  
OPC - 1

### Woman Director

AS PER LODR  
Reg-17

→ at least one  
woman D.

→ Top 1000 Listed  
co- at least 1  
I. woman D.

AS PER CO. ACT  
Sec. 149. PRO. I

→ Paid up cap.  
≥ 100 cr.

→ Turnover  
≥ 300 cr.

AS PER LODR Reg 17 →

→ chairman = Non executive D.  
and Not related  
to Promoter / D.

$1/3^{\text{rd}} = \text{ID}$

and

SR equity shares  
are not issued

→ chairman = Executive Director  
or  
NED but related  
to promoter / director  
or  
SR equity shares  
are issued.

$50\% = \text{ID}$

→ Max age NED = 75 years  
> 75 years = SR Pass.

→ Board meeting

- 4 meeting in a year.
- max gap = 120 days

→ Top 1000 Listed entities

- 1 independent woman D.

→ TOP 2000 LISTED ENTITIES

- Min 6 Directors.
- Quorum -  $1/3^{\text{rd}}$  of total or 3 ↑  
with at least 1 ID

⇒ Liability for listed entity for  
contravention :-

- Imposition of Fine.
- Suspension of trading.
- Freezing of P/PG holding of sec.
- any other action as may be  
specified by SEBI.

⇒ Consolidated Approval -  
Omnibus approval

→ Audit committee may grant  
omnibus approval for Related  
Party transaction → conditions

→ The approval shall be applicable  
for the transactions which are  
repetitive in nature.

→ Audit committee shall satisfy  
itself regarding the need of  
omnibus approval and thus  
such approval is in the interest  
of listed entity.

→ O.A. shall specify :-

- Name of Related Party, Nature  
of transaction, maximum amt  
of transaction shall be entered  
into.
- Indicative base Price / current  
contract price / Formula for  
verification in Price.
- If the details of Related Party  
transactions are not available  
audit committee may grant  
omnibus approval for such  
transaction subject to their  
value not exceeding 1 cr.

→ A.C. shall review quarterly basis  
details of RPT.

→ omni app valid for the period  
not exceeding 1 yr - Fresh approv  
after expiry of 1 year.

<u>Audit Committee.</u>		<u>Nomination &amp; Remun<sup>n</sup> committed</u>	
AS PER LODR Reg - 18	AS PER CO. ACT SEC. 177.	AS PER LODR Reg - 19	AS PER CO. ACT SEC. 178
at least - 3 D 2/3 - ID chairman - ID All- Financially lit. maj at least 1 EXPERT in ACC. and Finance.	at least - 3 D majority - ID chairman - NED. Majority are Financially lit.	at least 3 D all - NED 2/3 - ID chairman - ID	at least - 3 D all - NED half - ID. chairman - may or may not be ID.

- Regulation - 18

→ If co. issue - all are ID  
SR eq. shares

→ Meetings

4 meetings in a year.  
max gap - 120 days.

→ Quorum

1/3<sup>rd</sup> or 2 ↑  
with at least - 2 ID

→ Role

Part c - Schedule II

Regulation - 19

once in a year

1/3<sup>rd</sup> or 2 ↑  
with at least - 1 ID

Part D - Schedule - II

Stakeholder Relationship

AS PER Reg - 20.

at least - 3 Directors  
at least 1 - ID  
chairman - NED.

once in a year.

Part D - Schedule II

Risk management committee

AS PER Reg - 21

at least 3 - members  
majority - D  
at least 1 - ID  
chairman - Director.

If co. issue - 2/3<sup>rd</sup> - ID  
SR eq. shares

twice in a year  
max gap - 180 days.

1/3<sup>rd</sup> or 2 ↑  
with at least 1 - Director

Part D - Schedule - II

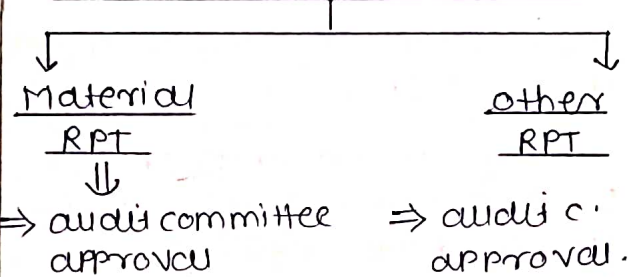
## Reg-22 - Vigil Mechanism

- also known as Whistle Blower Policy.
- For directors and employees to report genuine concern.
- Provide safeguard against victimization.
- In appropriate and exceptional cases provide access to chairman of audit committee.

## Reg-23 - Related Party Transaction

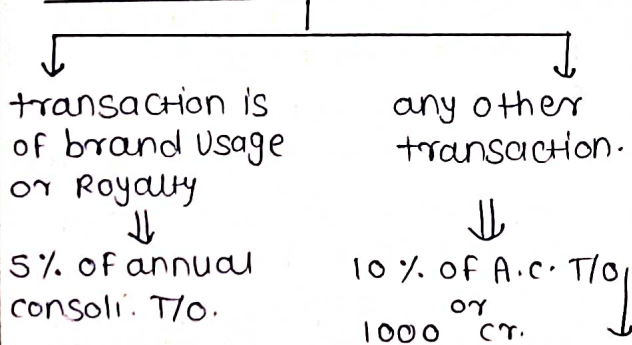
- What is RPT?
  - Related Parties under LODR shall mean the same as given under 2(76) of Companies Act, 2013.
  - Transaction of listed entity with its related parties has to go through special approval.

### → Related Party Transaction



⇒ Shareholder's approval.

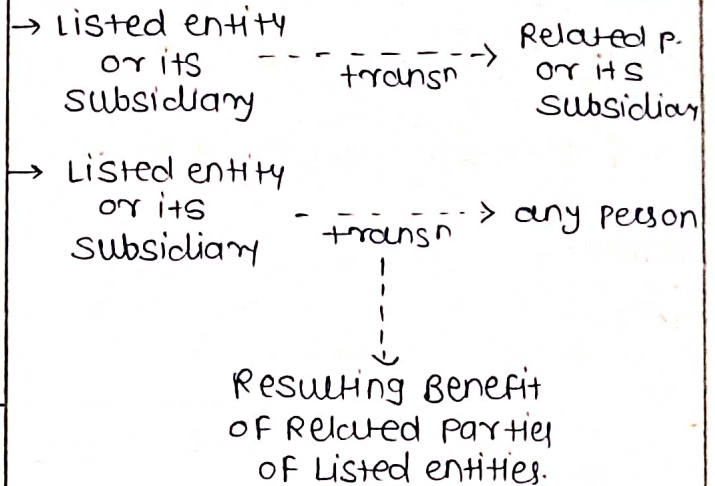
### → Material RPT



### → Deemed to be Related party

- any person/entity - forming a part of P/PG
- any person/entity - holding 10% or more eq. shares.

## ⇒ What is Related Party Transaction?



## ⇒ are there any RPT exempted?

- Between Govt. Co.
- Holding co and its WOS
- Bet<sup>n</sup> 2 WOS of common holding co.

## Reg-24 - Corporate Governance requirement related to Subsidiary

**St-1** ⇒ Identify the material Subsidiary (20% rwe)  
[material subsidiary shall mean a subsidiary whose income or NW [LE + sub.] 20% or more]

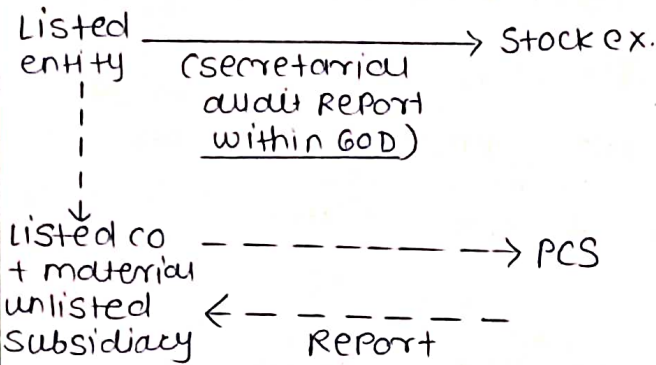
→ appoint 1D of Listed entity (LE) as a director of such material Subsidiary.

**St-2** ⇒ all unlisted subsidiary co. should submit their F.S. to audit committee to review

**St-3** ⇒ The minutes of the meeting of BOD of unlisted sub co. shall be placed at the meeting of BOD of Listed entity.

**St-4** ⇒ unlisted subsidiary co. to submit periodically the significant transaction (10%)

Reg-24A - Secretarial audit :-



⇒ Corporate Governance norms related to ID

→ Hold at least 1 meeting in a FY. without presence of Non-ID and members. all ID should be present in the meeting.

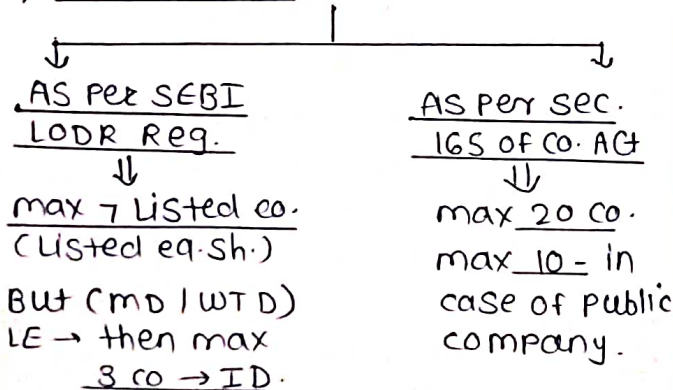
→ ID → who is resign / removed from BOD shall be replaced by new ID.



immediately next Bm or 3 m. from vacancy whichever is later.

→ submit declaration - he meet the criteria of independence. [DIR-8]

⇒ Directorship.



⇒ Committee membership - LODR

→ max 10 committee - members.

→ max 5 committee - chairman

↳ Limit - to all public co. are considered

Limit - only audit c.  
Stakeholder R.C.

⇒ Prior intimation to SE about Board meeting. [Reg-29]

→ at least 5 days in advance -

- Financial report - quarterly, Half yearly and yearly.

→ at least 2 days in advance -

- Proposed Buy back securities.
- Proposed voluntary delisting.
- Fund raised by way of FPO / RI / ADR / GDR / debt issue.
- declaration / recommendation of dividend.
- Declaration of Bonus.

→ at least 11 days in advance

- alteration in form or nature of Non-convertible Security.
- alteration in the date of int / dividend redemption of payment of Non-convertible security.
- any matter affecting the rights of Shareholder's of Non-con sec.

→ outcome of meetings of BOD Disclose within 30 min of the closure of meeting.

- any cancel<sup>n</sup> of dividend.
- The decision on Buy back of securities.
- The decision with respect to Fund raising Proposal.
- Financial results
- Decision on Voluntary delisting
- increase in cap. by issue of Bonus share through capitali<sup>n</sup>

⇒ Common oblig<sup>n</sup> of Listed entity

- shall appoint dualified CS as compliance officer.
- shall appoint STA to manage transfer Facility in house
- co-operation with intermediaries Registered with SEBI
- Fees and other charges to be paid to SEBI RSE

⇒ Exceptions :-

• Corporate governance provisions shall not apply in respect of following

- A Listed entity having
  - Paid up capital max - 10 cr.
  - Net worth max - 25 cr. as on the date of PFY.
- The listed entity - listed on SME
- provision specified in Reg. 17 shall not applicable during insolvency Resol<sup>n</sup> process.

Top 100 Listed entity - AGM within 5m From cl. FY. one way Live Podcast

Top 500 Listed entity - chairperson - NED not related to D CEO.

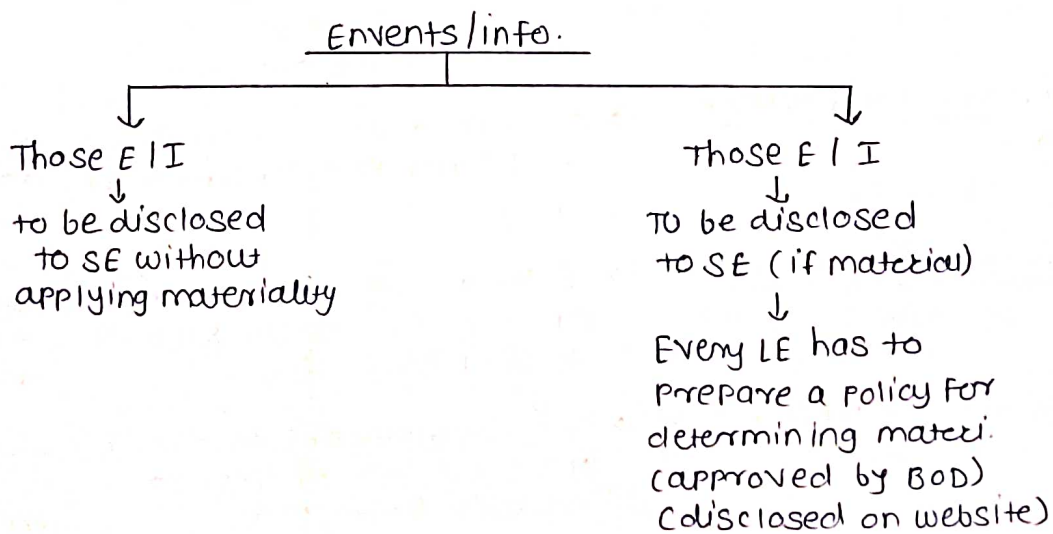
Top 1000 Listed entity - at least 1 I. WD  
- Risk management committee shall be applicable  
- Dividend distribution Policy shall be formulate.

⇒ Policies :-

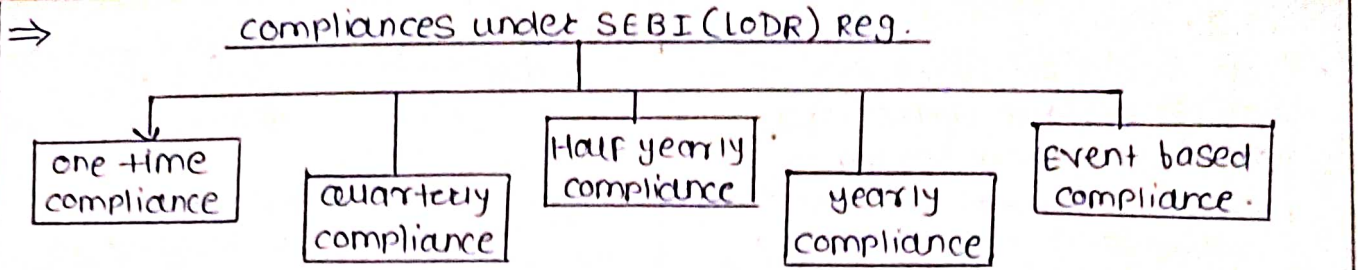
- Preservation of doc. Policy - Reg 19
- Determination of material subsid.
- code of conduct - Reg. 17.
- Vigil Mechanism - Reg. 22
- Policy for RPT / mat. RPT - Reg. 23
- Policy for determination of materiality for event / info - Reg. 30
- Dividend distribution Policy. Reg - 43A - (only top 1000 LE)
- Risk management policy.
- Board diversity Policy.

Top 2000 Listed entities - at least 6 directors quorum - 1/3 or 3 ↑, at least 1 ID.

⇒ Reg-30 Disclosure of Events or information



⇒ KMP shall inform these E/I info. to SE and the name of such KMP also be published on website.



A) <u>one-time compliance</u> :-	<u>Particulars.</u>	<u>Time Limit</u>
	→ appoint a company secretary as a compliance officer. → appoint a share transfer agent or manage the share transfer facility in house. → If the total no. of sh. holder of securities of LE > 1 lakh LE shall register with SEBI as category II STA → Listed entity shall have a policy for preservation of documents	-
B) <u>quarterly compliance</u>  ⇒ <u>Investor's complaint Statement</u> (21 days)  ⇒ <u>quarterly compliance Report</u> (21 days)  ⇒ <u>shareholding pattern</u> (21 days)  ⇒ <u>Monitoring Agency Report</u> (45 days)  ⇒ <u>Financial Results</u> (45 days)  ⇒ <u>Advt. in Newspaper</u> (48 hrs)	→ Giving the number of compl. pending at the beginning of the quarter, those received during the quarter & those remaining unresolved at the end of the quarter.  → on corporate Governance in the format specified by SEBI.  → LE shall submit a shareholding pattern separately for each class of securities  → M.A. <sup>LE</sup> shall submit to the SE any comment or report received from M.A.  → LE shall submit quarterly & year-to-date standalone FR to SE  → FR along with modified opinion expressed by auditor	<u>within 21 days</u> from the end of quarter.  <u>within 21 days</u> from the end of Q.  <u>within 21 days</u> from the end of Q.  <u>within 45 days</u> from the end of Q.  <u>within 45 D.</u> from end of Q.  <u>within 48 hrs</u> of conclusion of Bm - FR approved.

<p>⇒ <u>Statement of deviation and variation.</u></p>	<p>→ LE shall submit to SE a statement of deviation and variation.</p>	<p>Quarterly Basis Till the issue Proceeds have been fully Utilised.</p>
<p>c] <u>Half yearly compliances</u></p> <p>⇒ <u>Related Party Disclosure</u></p> <p>⇒ <u>Statement of Assets and Liabilities / cashflow</u></p>	<p>→ LE shall submit to the SE disclosures of RPT</p> <p>→ LE shall also submit as a part of its consolidated Financial Results for the</p>	<p>LE is required to publish the same on its website.</p> <p>Half yearly.</p>
<p>d] <u>Yearly compliances.</u></p> <p>⇒ <u>compliance certificate (30 days)</u></p> <p>⇒ <u>Annual Listing fees. (30 days)</u></p> <p>⇒ <u>certificate. (30 days)</u></p> <p>⇒ <u>Annual Financial Result (60 days)</u></p> <p>⇒ <u>Annual Report (48 hrs)</u></p> <p>⇒ <u>changes to Annual Report (21 days) 48</u></p> <p>⇒ <u>Annual Reports to sec. holders (21 days)</u></p>	<p>→ LE shall submit to SE a compliance certificate duly signed by both the compliance officer and authorised representative of STA.</p> <p>→ LE shall pay all such fees, charges as applicable to the RSE</p> <p>→ LE shall ensure the STA produces a certificate from practising CS certifying that all certificates have been issued within 30 days - trf, subdivision, consolid<sup>n</sup>, renewal, exchange.</p> <p>→ LE shall submit annual audited F.R. with audit report and statement impact of audit audit<sup>n</sup></p> <p>→ LE shall publish on its website the annual report along with notice of AGM → SE</p> <p>→ entity shall send report to holder of securities.</p> <p>→ LE shall send Annual report to the holder of securities</p>	<p><u>within 30 D.</u> from the end of the F.Y.</p> <p><u>within 30 D.</u> From the end OF the FY</p> <p><u>within 30 D</u> from the end of the F.Y.</p> <p><u>within 60 D</u> from the end OF F.Y.</p> <p>→ Not later than day of commencement of dispatch to its sh. holder.</p> <p>→ Not later than 48 hrs after AGM.</p> <p>Not later than 21 days before AGM.</p>

## E] Event Based compliance

- |  |   |
|--|---|
| → The listed entity shall intimate the appointment of STA → SE   | → within <u>7 days</u> of agreement with RTA.                                       |
| → Holding of specified securities  | → one day prior to listing of sec.  |
| → shareholding pattern.  | → within <u>10 days</u> of any capital restructuring.<br>(exceeding 2% of C&P PUSC) |
| → Disclosure of material event in case of capital restructuring reclassification of any person as promoter / public. | → within <u>24 hrs</u> from the occurrence of the event.                            |
| → Scheme of arrangement.   | → prior approval before filing with court or tribunal.                              |
| → Issue of certificate.  | → within <u>30 days</u> from the date of lodgement.                                 |
| → Information relating loss of securities.   | → within <u>2 days</u> of getting information                                       |
| → Registering the transfer of securities.  | → within <u>15 days</u> from the date of such receipt of req. for transfer          |
| → Transmission request   | → <u>within 7</u> , after receipt of specified documents.                           |
| → Record date / Book closure.  | → Right issue - 3 WD in advance<br>(excl. date of intimation)<br>Rd)                |
|  | → other - 7 WD in advance<br>(excl. date of intim <sup>n</sup> and record date)     |
| → Maintenance of website   | → within 2 WD from the date of change in content                                    |

→ compliance under SEBI (LODR) Regulations for the Listed entity which has listed its Non-convertible Securities.

Title	Intimation to SE	Time limit
<p>→ <u>Intimation to SE.</u> <u>Reg. 50(1)</u></p>	<p>→ LE shall give prior intimation to SE about BM in which following proposals to be considered.</p> <ul style="list-style-type: none"> <li>→ <u>alteration in the form or nature of Non-convt. Sec.</u></li> <li>→ <u>alteration in the date of the int / dividend / redempn</u> payment of non-convt. Sec.</li> <li>→ <u>Financial results</u></li> <li>→ Fund raised by way of issuance of <u>non convt. Sec.</u></li> <li>→ any matter affecting the rights or int of holders.</li> </ul>	<p>at least 2 WD in advance excluding the date of the intimation &amp; date of the meeting of BoD</p>
<p>→ <u>Intimation to SE</u> <u>Reg. 50(2)</u></p>	<p>→ Any AGM or extraordinary AGM is proposed to be held for obtaining sh.hol. approval for the proposal in relation to F.R</p> <p>any meeting of the holders</p> <ul style="list-style-type: none"> <li>→ of non-convertible sec. in relation to any matter affecting the rights / int. of holders of Non-con. sec</li> </ul>	<p>Not later than the date of commencement of dispatch of Notice.</p>
<p>→ <u>Quarterly Financial results.</u> <u>Reg. 52(1)</u></p>	<p>→ LE shall prepare &amp; submit unaudited or audited quarterly and year to date FR. on quarterly basis.</p>	<p>within 45 days from the end of quarter. other than last quarter</p>
<p>→ <u>copy of FR to deb. trustee 52(1)</u></p>	<p>→ LE which have listed their debt securities → copy of FR submitted to SE shall be provided to deb. trustee.</p>	<p>on the same day on which info is submitted to SE</p>
<p>→ <u>Annual FR.</u> <u>Reg. 52(2)</u></p>	<p>→ LE shall prepare and submit annual audited standalone consolidated F.R.</p>	<p>within 60 days from the end of F.Y.</p>

→ <u>Disclosure of sec. cover. Reg 54(2)</u>	→ LE shall disclose to the SE the extent and nature of security and nature of sec. created & maintained.	quarterly, half yearly, year to date.
→ <u>credit rating</u>	→ each rating shall be reviewed by a credit rating agency reg. by SEBI.	at least once a year.
→ <u>certificate.</u>	→ LE shall submit a certificate to the SE regarding status of payment.	within 1 w <sup>d</sup> of the Int or divid or principal becoming due