

**PRESENTATION ON SEBI (LISTING OBLIGATIONS
AND DISCLOSURE REQUIREMENTS)
REGULATIONS,2015 GIVEN TO INDEPENDENT
DIRECTORS OF JD ORGOCHEM LIMITED ON 9TH
FEBRUARY, 2016 TO FAMILIARISE THE
INDEPENDENT DIRECTOR ON THE AFORESAID
NEW LEGISLATION**



PRESENTATION ON SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

by Secretarial Department

JD Orgochem Limited

09-02-2016

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

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SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

INTRODUCTION

SEBI notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on 2nd September, 2015 which came into force from 01st December, 2015 (a time period of 90 days was given for its implementation) thereby replacing the erstwhile Listing Agreement.

EXCEPT:

Substitution of Ordinary Resolution in place of Special Resolution for material RPTs.

Provisions related to disclosure of Promoter shareholding and conditions for reclassification.

The above two changes came into effect immediately i.e on 02nd September, 2015.

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

INTRODUCTION

SEBI Listing Regulations have been subdivided into two parts :

- (a) substantive provisions incorporated in the main body of Regulations
- (b) procedural requirements in the form of Schedules to the Regulations

Chapter II of the SEBI Listing Regulations provide the broad principles in relation to disclosures and obligations of the listed entities. In the event of absence of specific requirements or ambiguity, these principles would serve to guide the listed entities.

Chapter III of the SEBI Listing Regulations specifies common obligations of all listed entities.

Chapter IV to IX of the SEBI Listing Regulations deal with obligations which are applicable to specific types of securities have been incorporated in various chapters.

Chapter X and XI of the SEBI Listing Regulations list down the responsibilities of the stock exchanges to monitor compliance or adequacy / accuracy of compliance with the provisions of these regulations and to take action for noncompliance.

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

INTRODUCTION

According to Section 2 (52) of the Companies Act, 2013, listed company means a company which has any of its securities listed on any recognised stock exchange.

This means that if a private limited company has its debt securities listed on any recognised stock exchange, then such company is under the ambit of listed company category for complying with the Companies Act, 2013 and the rules and regulations made thereunder.

In Listing Regulations 2015, the term 'listed entity' is used instead of 'listed company' to cover the appropriate entities under the ambit of this regulation as some listed entities may or may not be the companies but are body corporates.

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

REGULATIONS V/S CLAUSES

The Chapter IV of the Listing Regulations 2015 details out the obligations which are applicable to the listed entities whose specified securities are listed on any recognised Stock Exchange.

Though the SEBI is in process of publishing some of the formats as applicable in this Listing Regulations 2015 and this is a step towards consolidation of existing listing agreement for different type of securities with an effort to realign with the present law, even though there are no such new contents or changes in the Listing Regulations 2015.



SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

APPLICABILITY OF SEBI LODR :

SEBI LODR shall apply to the listed entity who has listed any of the following securities on recognised stock exchange(s):

- a) Specified securities listed on main board or SME Exchange or institutional trading platform;

Specified Securities as defined under Regulation 2(zl) of SEBI LODR 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

- 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
- e) Units issued by mutual funds
- f) Any other securities as may be specified by SEBI

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

IMPORTANT DEFINITIONS UNDER SEBI LODR:

“**Associate**” shall mean an entity which is an associate under sub – section (6) of Section 2 of the Companies Act, 2013 or under applicable accounting standard.

Section 2 (6) of the Companies Act, 2013 states 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.

For the purposes of this clause , “**significant influence**” means control of at least twenty per cent of total share capital, or of business decisions under an agreement

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (HEREINAFTER REFERRED TO AS SEBI LODR)

Associate as per Accounting Standard - 23

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

Significant influence is the power to participate in the financial and/ or operating policy decisions of an associates but does not extend to control over such policies.

Significant influence may be gained by share ownership, statute or agreement.

The existence of significant influence is usually evidenced in one or more ways:

- a) representation on the Board of Directors or corresponding governing body of the investee;
- b) participation in policy making processes;
- c) material transactions between the investor and the investee;
- d) interchange of managerial personnel; or
- e) provision of essential technical information

PRINCIPLES GOVERNING DISCLOSURES & OBLIGATIONS...

Listed entities shall make disclosures and abide by its obligations in accordance with the following principles:

These Governing principles are applicable to all listed entities

The principles raise the bar of Corporate Governance

Financial disclosures shall be prepared and disclosed in accordance with the applicable accounting standards.

In the preparation of financial statements the accounting standards shall be implemented in letter and spirit, in the interest of all stakeholders.



PRINCIPLES GOVERNING DISCLOSURES & OBLIGATIONS...

Annual audit is to be conducted by an independent, competent and qualified auditor.

Refrain from making misrepresentations and furnishing misleading information.

Provide adequate and timely information to the exchanges and investors.

Disseminations shall be - adequate, accurate, explicit, timely and presented in a simple language.

Event based or periodical filings, reports, statements, documents and information shall contain relevant information.

Such filings etc shall enable investors to assess the current status of the listed entity

Common obligations of the listed entity (Chapter - III)

Regulations 5 to 14

Regulation - 5 - **General Obligations of Compliance**

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

Regulation 6 – **Compliance Officer and his Obligations**

A Listed Entity shall appoint a qualified company Secretary as a Compliance Officer who shall be responsible for:

- ❖ Ensuring conformity with regulatory provisions applicable to the listed entity in letter and spirit and thereafter reporting to the Board, recognised stock exchange and depositories or any other regulatory authority in manner specified from time to time.
- ❖ ensuring following of correct procedures resulting in authenticity and comprehensiveness of the information, statements and reports filed by listed entity under these regulations
- ❖ Monitoring and redressing the grievances of the investors

Common obligations of the listed entity (Chapter - III)

Regulations 5 to 14

Regulation 7 – **Share Transfer Agent.**

Listed Entity to manage the share transfer facility in house or appoint a Share Transfer Agent. Provided that , in case the total number of holders of securities of the listed entity exceeds one lakh, the listed entity shall either register itself with Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent registered with the Securities and Exchange Board of India.

Listed entity shall ensure and Compliance Officer of the Company alongwith the authorised representative of the share transfer agent of the Company shall jointly certify that the activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent of the Company.

In case of any change or appointment of a new share transfer agent , a new tri – partite agreement is required to be signed between the new Share Transfer Agent , Company and old share transfer agent. Such an agreement shall be placed before the Board

Common obligations of the listed entity (Chapter - III) Regulations 5 to 14

Regulation 8 – **Cooperation with intermediaries registered with the Board**

Listed Entity shall ensure that it shall cooperate with and submit correct and adequate information to the intermediaries registered with SEBI such as credit rating agencies , registrar to an issue and share transfer agents , debenture trustee etc within timelines and procedures specified under the Act, regulations and circulars issued thereunder.

Regulation 9 - **Preservation of documents**

A policy for preservation of documents to be approved by its Board of Directors, classifying them in atleast two categories as follows:

- a) Documents whose preservation shall be permanent in nature;
- b) Documents with preservation period of not less than eight years after completion of the relevant transactions:

Common obligations of the listed entity (Chapter - III)

Regulations 5 to 14

Regulation 10 – **Filing of Information**

Listed Entity shall file the reports, statements, documents, filings and any other information with recognised Stock Exchange on the electronic platform as specified by the Board or the recognised Stock Exchange.

Regulation 11 – **Scheme of Arrangement**

Listed Entity shall ensure that any scheme of arrangement / amalgamation/merger/reconstruction 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).

Regulation 12 – **Payment of dividend or interest or redemption or repayment.**

Listed Entity shall use any of the electronic mode of payment facility approved by RBI for the payment of the dividends, interest and redemption or repayment amounts.

Where payment under electronic mode is not possible, payable-at-par warrants or cheques may be issued

Where dividend payment exceeds Rs. 1,500 the payable-at-par warrants or cheque shall be sent by speed post

Common obligations of the listed entity (Chapter - III)

Regulations 5 to 14

Regulation 13 – **Grievance Redressal Mechanism**

Ensure registration on SCORES or such other electronic platform for investor complaints.

Ensure adequate steps are taken for expeditious redressal of investor complaints.

Within 21 days from the end of each quarter, file with exchanges a statement giving the number of complaints pending at the beginning received and disposed off during the quarter and remaining unresolved at the end of the quarter.

Such statement shall be placed before the board of directors on quarterly basis.

Regulation 14 - **Fees and other charges to be paid to the recognized stock exchange(s)**

Listed entities shall pay fee and other charges applicable to the stock exchanges

Obligations of Listed Entity which has Listed its Specified Securities

Regulations 15 – **Applicability**

Applicable to - all listed entities which have listed its specified securities on any recognised stock exchange(s), either on the main board or on SME Exchange or on institutional trading platform.

Compliance with Corporate Governance provisions as specified in Regulation 17 to 27 of SEBI LODR 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 –

- Listed entity having paid-up equity share capital not exceeding Rs 10 crore and net worth not exceeding Rs 25 crore as on the last date of the previous financial year
- In case to the aforesaid entities cross the specified limits they shall comply with the regulations within 6 months from the date they become applicable
- Entity which has listed its specified securities on the SME exchange

Notwithstanding to the above , the provisions of Companies Act,2013 shall continue to apply, wherever applicable.

Obligations of Listed Entity which has listed its Specified Securities

Also not applicable to other listed entities which are not companies, but are body corporate or are subject to regulations under other statutes Corporate Governance norms specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D, 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.

Notwithstanding to the above, the provisions of Companies Act, 2013 shall continue shall continue to apply , wherever applicable



Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Important Definition under Chapter IV :

“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.

Listed Entity shall formulate a policy for determining “Material subsidiary”

“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 executive directors, including all functional heads.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 17 - Board of Directors

The composition of Board of Directors of the listed entity shall be as follows:

- A. Board of Directors shall have an optimum combination of executive and non – executive directors with at least one woman director and not less than fifty percent of the Board of Directors shall comprise of non-executive directors;
- B. In case of Chairperson of Board of Directors is a non – executive director , atleast $1/3^{\text{rd}}$ of the Board of Directors shall comprise of independent directors and where the listed entity has an executive Chairperson, atleast $1/2$ of the Board of Directors shall comprise of independent directors.

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of Board of Directors of the listed shall consist of independent directors.

For the purpose of this clause, the expression “related to any promoter” shall have the following meaning:

- 1) If the promoter is a listed entity , its director other than independent directors , its employees or its nominees shall be deemed to be related to it;*
- 2) If the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it*

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

The Board of Directors shall meet at least four times a year, with a maximum gap of one hundred and twenty days between any two meetings.

The Board of Directors shall recommend all fees or compensation, if any paid to non – executive directors, including independent directors and shall require approval of shareholders in general meeting .

The approval of shareholders mentioned above shall specify the limits for the maximum number of stock options that may be granted to non – executive director in any financial year and in aggregate.

Independent directors shall not be entitled to any stock option
Listed entity shall lay down the procedures to inform members of the Board of directors about risk assessment and minimization procedures

The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

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.

Provisions under clause 49 of the erstwhile listing agreement have been brought under Regulations 17 to 27 More or less the provisions remains the same except for a few changes

A new provision has been brought in respect of the Audit Committee in Regulation 18 (1) (f) that “occasionally the audit committee may meet without the presence of any executives of the listed entity”

Regulation 21 - **Risk Management Committee**

Applicability of Risk Management Committee has been brought in the Regulations itself under Regulation 21 (5), stating that “the provisions of this regulation shall be applicable to top 100 listed entities determined on the basis of market capitalisation, as at the end of the immediate previous financial year”

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 22 - **Vigil Mechanism**

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

Vigil mechanism shall provide for adequate safeguards against victimisation of director (s) or employee (s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the Audit Committee in appropriate and exceptional cases.



Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 23 - **Related Party Transactions**

Listed entities shall formulate a policy on materiality of related party transaction and on dealing with related party transactions

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 10% of the annual consolidated turnover of the listed entity as per the latest audited financial statements

Prior approval of the audit committee is required and omnibus approval may be given

- All material related party transactions shall require approval of the shareholders through a resolution
- Related parties shall abstain from voting on such resolutions, whether the entity is a related party to the particular transaction or not - Regulation 23(4)
- These provisions shall be applicable to all prospective transactions
- Pursuant to Regulation 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

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 24 - Corporate Governance requirements with respect to subsidiary of listed entity.

At least one independent director on the Board of Directors of the Listed Entity shall be director on the Board of Directors of an unlisted material subsidiary, incorporated in India.

Audit Committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

Minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the Board of Director of the listed entity.

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 unlisted subsidiary.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

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 divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

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.

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.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

- **Regulation 25(5)** – an independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, 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. This is in alignment with section 149 (12) of the Companies Act, 2013.
- **Regulation 25(6)** – an independent director who resigns or is removed from the directorship shall be replaced at the earliest but not later than the immediate next board meeting or three months from the date of such vacancy whichever is later. This is in alignment with Rule 4 of the Companies (appointment and qualification of directors) Rules 2014.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 26 – **Obligations with respect to Directors and Senior Management.**

A Director shall not be a member in more than ten committees or acts as a chairperson of more than five committees across all the listed entities in which he is a director.

For the purpose of determination of limit, chairpersonship and membership of the audit committee and Stakeholders' Relationship Committee alone shall be considered.

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

All members of the Board of Directors and Senior Management Personnel shall affirm compliance with code of conduct of Board of Directors and Senior Management Personnel on annual basis.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

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.

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.



Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 27 – **Obligations corporate governance requirements.**

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

Details of all material transactions with related parties shall be disclosed alongwith the report mentioned above.

The report mentioned above shall be signed either by the Compliance Officer or the Chief Executive Officer of the Listed Entity.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 28 – In – principle approval of recognized stock exchange(s)

Listed entity before issuing securities shall obtain in principle approval from the recognised stock exchanges as under:

- Securities are listed only on Exchanges having nationwide terminals, from all such stock exchanges
- Securities are not listed on Exchanges having nationwide terminals, from all stock exchanges on which the securities are proposed to be listed
- Securities are listed on Exchanges having nationwide terminals and on exchanges not having nationwide terminals, from all stock exchanges having nationwide terminals
- Obtaining in principle approval shall not be applicable for securities issued, pursuant to the scheme of arrangement for which the listed entity has obtained no-objection letter in accordance with Regulation 37

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 29 – **Prior Intimations**

Listed Entity shall give prior intimation to the Stock Exchange about the meeting of the Board of Directors in which any of the following proposals is due to be considered:

- a) financial results viz; quarterly, half yearly or annual as the case may be ;
- b) proposal for buy back of securities
- c) proposal for voluntary delisting by listed entity from the stock exchange
- d) Fund raising by way of further public offer, rights issue, American Depository Receipts / Global Depository Receipts / Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price:

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

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

- e) declaration/recommendation of dividend, issue of convertible securities including convertible debentures or of debentures carrying a rights to subscribe to equity shares or the passing over of dividend.
- f) The proposal for declaration of bonus securities where such proposal is communicated to the Board of Directors of the listed entity as part of the agenda papers:

Provided that in case the declaration of bonus by the listed entity is not on the agenda of the meeting of Board of Directors, prior intimation is not required to be given to the Stock Exchange(s).

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

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

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

- (a) Any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof.
- (b) Any alteration in the date on which , the interest on debentures or bonds, redemption shares or of debentures or bonds, shall be payable.

Regulation 30 – **Disclosure of events or information**

Events or information which are material in the opinion of the Board of Directors shall be disclosed

Events specified in para A of part A of schedule III are deemed to be material events and shall be disclosed

Events specified in para B of part A of schedule III shall be disclosed based on application of guidelines for materiality specified under sub-regulation 4 of Regulation 30

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Criteria for determination of materiality of event / information –

Omission of an event or information, likely to results in discontinuity or alteration of an event or information already available publicly

Omission of an event or information is likely to result in significant market reaction if the same come to light at a later date

In the opinion of the board of directors of the listed entity, the event or information is considered to be material

Listed entity shall frame a policy for determination of materiality, duly approved by the Board of Directors and shall be disclosed on its website.

Agreements – shareholder agreements, joint venture agreements, family settlement agreements (to the extent of its impact on the management and control of the listed entity), agreement / treaty/contracts with media companies.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Fraud /defaults by promoter or KMPs or any arrest of KMP or promoter (Directors are not included here.

They are covered in part B)

Change in Directors or KMPs, Auditor and compliance officer

Appointment of discontinuation of share transfer agent

Corporate debt restructuring

One time settlement with Bank

Reference to BIFR and winding up petitions

Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them

Proceedings of AGM/EGMs

Amendments to Memorandum & Articles

Schedule of analyst or institutional investor meet and presentations made to them

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Commencement or postponement of commercial production or commercial operations of any unit / division

Change in general character or nature of business or closure of operations

Capacity addition or product launch

Awarding/bagging/amending contracts / orders not in the normal course of Business

Any loan agreements or other agreements not in the normal course of business

Disruption of operations – force majeure events

Effects arising out of changes in regulatory framework

Litigations/disputes/regulatory actions with impact

Fraud/defaults etc by directors (other than KMPs) or employees

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

ESOP /ESPS schemes

Giving guarantees or indemnity or becoming a surety for any third party

Granting/withdrawal/surrender/cancellation or suspension of any license or regulatory approvals.

Any major developments likely to affect business – example emergence of new technologies, expiry of patents, change in accounting policies having significant impact,

Other information as specified by the Board from time to time



Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

MATERIALITY OF EVENTS / INFORMATION

Board shall authorise one or more KMPs to determine materiality for the purpose of making disclosures.

Contact details of such authorised personnel shall be disclosed to stock exchanges and also on the entity's website

Listed entity shall disclose all events specified in Part A of schedule III i.e. both para A and para B as soon as reasonably possible but not later than 24 hours from the occurrence of the event

If disclosure is made after 24 hours explanation for delay is to be provided

Certain events specified in sub-para 4 of para A shall be disclosed within 30 minutes of conclusion of the board meeting – dividend, buy-back of securities, fund raising, bonus issue, financial results, voluntary de-listing etc.

These disclosures are to be updated on material developments till such time the events are closed or resolved

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

MATERIALITY OF EVENTS / INFORMATION (CONTD....)

All disclosures made to the stock exchanges shall be hosted on the website of the listed entity, for a minimum period of 5 years, and thereafter as per the archival policy of the listed entity

Events or information with respect to subsidiaries which are material shall also be disclosed

Shall provide specific and adequate reply to all queries raised by stock exchanges

Listed entity on its own confirm or deny any reported event / information

Any other information which is not referred to in para A or B of Part A of schedule III, which may have material effect, adequate disclosure shall be given

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 31 - **Shareholding Pattern.**

Shareholding Pattern of a Listed Entity shall be submitted to the Stock Exchange within 21 days of the end of the quarter .

Listed Entity should ensure that 100% shareholding of the promoter and promoter's group is in dematerialized form and the same is maintained on a continuous basis.

Regulation 31A - **Disclosure of Class of shareholders and Conditions for reclassification**

All entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern, in accordance with the formats specified by SEBI

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 relevant evidence

In case entity is listed on more than one exchange, the exchanges shall jointly decide

In case of transmission/succession/inheritance, the inheritor shall be classified as promoter

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Where an entity becomes professionally managed and does not have any identifiable promoter, the existing promoters may be re-classified as public shareholders, subject to the approval of shareholders

An entity may be considered as professionally managed, if

No person or group along with persons acting in concert taken together shall hold more than 1% paid-up equity capital including any holding of convertibles / outstanding warrants / DRs

Provided in case of mutual fund, banks, insurance companies, financial institutions, foreign portfolio investors, may hold up to 10%

Promoters seeking reclassification and their relatives may act as KMPs of such entity, only subject to shareholders' approval and for a period not exceeding three years from the date of shareholders' approval

Promoters seeking reclassification shall not have any special rights through formal or informal arrangements.

All shareholding agreements granting special rights to such outgoing entities shall be terminated

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Shall be subject to following conditions

Such promoter shall not, directly or indirectly exercise control, over the affairs of the entity

Increase level of public shareholding pursuant to re-classification shall not be counted towards achieving compliance with minimum public shareholding, requirement under Rule 19A of Securities Contracts (Regulation) Rules, 1957

Such re-classification shall be disclosed to stock exchanges as a material event SEBI may relax any condition for re-classification

If any public holder seeks re-classify itself as promoter, shall make an open offer under SEBI (SAST) Regulations, 2011

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 32 - **Statement of deviation(s) or variation (s).**

Listed Entity shall submit to the Stock Exchange the following statement on a quarterly basis for public issue , rights issue , preferential issue etc:-

- a) Indicating deviations, if any , in the use of the proceeds from the objects stated in the offer documents or explanatory statement to the notice for the general meeting as applicable:
- b) Indicating category wise variation (capital expenditure, sales and marketing , working capital etc.) between projected utilization of funds made by in the its offer document or explanatory statement to the notice for the general meeting as applicable and the actual utilization of funds.



Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Such statements shall be submitted till the issue proceeds are fully utilised

Such statements shall be placed before the audit committee

Listed entity shall furnish explanation for variation/deviation in the Board's report in the Annual Report.

Shall prepare a statement of funds utilised and place the same before the audit committee duly certified by the statutory auditors, till such time the money is fully utilised.

In case any monitoring agency is appointed to monitor the utilisation of proceeds, any comments or report received shall be placed before the audit committee on an annual basis, promptly upon its receipt.

For this purpose monitoring agency shall mean monitoring agency specified in Regulation 16 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Regulation 33 – **Financial Results**

The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange. In case the listed entity has subsidiaries, in addition to, the listed entity may also submit quarterly/year-to-date consolidated financial results within 45 days of the end of the quarter for quarterly results and 60 days for year to date financial results.

Unaudited financial result shall be accompanied by Limited Review Report.

Audited financial results accompanied by Audit Report.

While placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

Results 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.

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Regulation 33 – **Financial Results...**

While submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and either Form A (for audit report with unmodified opinion) or Form B (for audit report with modified opinion).

Regulations 33(3)(e) The listed entity shall also submit the audited financial results in respect of the last quarter along-with the results for the entire financial year.



Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

The listed entity shall also submit as part of its standalone or consolidated financial results, by way of a note, a statement of assets and liabilities as at the end of the half-year.

PUBLISHING IN NEWSPAPER AND ON WEBSITE OF THE COMPANY.

Financial Results shall be published within 48 hrs of conclusion of Board Meeting in at least one English Language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated as well also put on website of the Company.

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Regulation 34 – **Annual Report**

Submission of annual report to the stock exchange, Within 21 working days of it being approved and adopted in the annual general meeting.

Regulation 35 – **Annual Information Memorandum**

On annual basis submit to stock exchange in the manner specified by Board time to time.

Regulation 36 – **Documents & Information to shareholders**

Listed Entity shall send the annual report in the following manner to the shareholders:

- a) Soft Copies of full annual report to all those shareholder(s) who have registered their email address(es) for the purpose;
- b) Hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of the Companies Act,2013 or rules made thereunder to those shareholder(s) who have not so registered;
- c) Hard Copies of full annual reports to those shareholders who request for the same.

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

Listed Entity shall send the annual report referred to in sub – regulation(1), to the holders of securities , not less than twenty – one days before the annual general meeting.

In case of the appointment of a new director or re- appointment of a Director the Shareholders must be provided with the following information:

- a) a brief resume of the director,
- b) Nature of his expertise in specific functional areas;
- c) disclosure of relationships between directors inter-se
- d) Names of listed entities in which the person also holds the directorship and the membership of Committees of the Board; and
- e) Shareholding of non – executive directors.

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Regulation 37 - **Draft scheme of Arrangement & Scheme of Arrangement**

- Listed Entity desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement, shall file the draft scheme of arrangement, proposed to be filed before any Court or Tribunal under sections 391-394 and 101 of the Companies Act, 1956 or under Sections 230-234 and Section 66 of Companies Act, 2013, whichever applicable, with the stock exchange(s)
- For obtaining Observation Letter or No-objection letter, before filing such scheme with any Court or Tribunal, in terms of requirements specified by the Board or stock exchange(s) from time to time.

Regulation 38 – **Minimum Public Shareholding**

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:

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Regulation 39 – **Issuance of Certificates or Receipts/Letters/Advices for Securities and dealing with unclaimed securities.**

submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange.

Regulation 40 – **Transfer or Transmission or Transposition of Securities .**

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 Within 1 month of the end of each half financial year.

Regulation 41 – **Other provisions relating to Securities**

The Listed Entity shall not issue shares in any manner which may confer on any person superior rights as to voting or dividend vis – a vis the rights in equity shares that are already listed.

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Regulation 42 - **Record Date**

Notice of record date to the stock exchange At least 7 days in advance excluding the date of intimation and the record date.

Listed Entity shall Intimate the record date to the Stock Exchange for the following purposes:

- (a) declaration of dividend;
- (b) issue of right or bonus shares;
- (c) issue of shares for conversion of debentures or any other convertible security;
- (d) shares arising out of rights attached to debentures or any other convertible security
- (e) corporate actions like mergers, de-mergers, splits and bonus shares, where stock derivatives are available on the stock of listed entity or where listed entity's stocks form part of an index on which derivatives are available;
- (f) such other purposes as may be specified by the stock exchange(s).

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Regulation 43 – **Dividends**

Listed Entity shall declare and disclose the dividend on per share basis only

Listed entity shall not forfeit the unclaimed dividends before the claim becomes barred by the law and such forfeiture if effected shall be annulled in appropriate cases.

Regulation 44 – **Voting by Shareholders**

Remote E-voting facility to be provided by the Listed Entity to its shareholders for in respect of all shareholders' resolution as per the provisions of Companies Act, 2013

Voting results in the Format specified by the SEBI shall be submitted to the Stock Exchange within 48 hrs of conclusion of the Annual general Meeting.

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Regulation 45 – **Change in name of Listed Entity**

Listed Entity shall be allowed to change its name subject to the compliance with the following conditions

- a) A time period of atleast one year has elapsed from the last name change;
- b) Atleast 50% of the total revenue in the preceding one year has been accounted for by the new activity suggested by the new name
- c) The amount invested in the new activity /project is atleast 50% of the assets of the listed entity

Provided that if any listed entity has changed its activity which are not reflected in its name, it shall change its name in line with its activities in compliance with the provisions as applicable to change of name prescribed under Companies Act,2013

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Regulation 46 – **Website**

The listed entity shall disseminate the following information on its website:

- (a) details of its business;
- (b) terms and conditions of appointment of independent directors;
- (c) composition of various committees of board of directors;
- (d) code of conduct of board of directors and senior management personnel;
- (e) details of establishment of vigil mechanism/ Whistle Blower policy;
- (f) criteria of making payments to non-executive directors , if the same has not been disclosed in annual report;
- (g) policy on dealing with related party transactions;

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- (h) policy for determining 'material' subsidiaries;
- (i) details of familiarization programmes imparted to independent directors including the following details:-
 - (i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),
 - (ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and
 - (iii) other relevant details
- (j) the email address for grievance redressal and other relevant details;
- (k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;

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- (l) financial information including:
 - (i) notice of meeting of the board of directors where financial results shall be discussed;
 - (ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved;
 - (iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;
- (m) shareholding pattern;
- (n) details of agreements entered into with the media companies and/or their associates, etc;
- (o) schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange;

Chapter IV - Obligations of Listed Entity which has listed its Specified Securities

- (p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change;
- (q) items in sub-regulation (1) of regulation 47 i.e Board Meeting Notice where financial result shall be discussed; Financial Result; Statement of variation/ deviation as specified in sub regulation 32(1) on quarterly basis after review by audit committee; Notice given to shareholders .

Listed Entity shall ensure that the contents of the website are correct.

Listed Entity shall update any change in the website within two working days from the date of such change in content.



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Regulation 47 - Advertisement in Newspaper

The listed entity shall publish the following information in the newspaper:

- (a) notice of meeting of the board of directors where financial results shall be discussed
- (b) financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor:

Provided that if the listed entity has submitted both standalone and Consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available.

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- (c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in directors report in annual report;
- (d) notices given to shareholders by advertisement. published in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated



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Regulation 48 – **Accounting Standards**

The Listed Entity shall comply with all the applicable and notified Accounting Standards from time to time



Penalty Provisions under SEBI LODR

In terms of sub regulation (1) of regulation 97 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), recognized Stock Exchanges shall monitor compliance by listed entities with the provisions of the regulations.

Sub regulations (1) and (2) of regulation 98 of Listing Regulations inter alia specify liability of a listed entity or any other person for contravention and actions which can be taken by the respective stock exchange and the revocation of such actions, in the manner specified by SEBI.

Accordingly, recognized stock exchanges shall use imposition of fines as action of first resort in case of such non compliances and invoke suspension of trading in case of subsequent and consecutive defaults.

Penalty Provisions under SEBI LODR

Regulation	Fine payable for 1st non-compliance	Fine Payable for each subsequent and consecutive noncompliance
Regulation 27 (2) Non submission of the Corporate governance compliance report within the period provided under this regulation	₹ 1,000 per day of non-compliance till the date of compliance	₹ 2,000 per day of noncompliance till the date of compliance
Regulation 31 Non submission of the Shareholding pattern within the period prescribed under this regulation.	₹ 1,000 per day of non-compliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of paid up capital* of the entity or ₹ 1 crore, whichever is less.	₹ 2,000 per day of noncompliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of paid up capital* of the entity or ₹ 1 crore, whichever is less

Penalty Provisions under SEBI LODR

Regulation	Fine payable for 1st non-compliance	Fine Payable for each subsequent and consecutive noncompliance
Regulation 33 Non submission of the financial results within the period prescribed under this regulation	₹ 5,000 per day of non-compliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of Paid Up capital* of the entity or ₹ 1crore, whichever is less.	₹ 10,000 per day of noncompliance till the date of compliance and If non-compliance continues for more than 15 days, additional fine of 0.1 % of Paid Up capital* of the entity or ₹ 1 crore, whichever is less.
Regulation 34 Non-submission of the Annual Report within the period prescribed under this regulation.	if non-compliance continues for more than 5 days, ₹ 1,000 per day till the date of compliance	₹ 2,000 per day of noncompliance till the date of compliance

Penalty Provisions under SEBI LODR

Paid up capital as on first day of the financial year in which the non-compliance occurs.

The amount of fine realized as per the above structure shall be credited to the "Investor Protection Fund" of the concerned recognized stock exchange.

The recognized Stock Exchanges shall disseminate on their website, the names of non-compliant listed entities that are liable to pay fine for non-compliance of the above regulations.

Every recognized stock exchange shall review the compliance status of the listed entities within 15 days from the due date for compliance for the respective regulation and issue notices to the non-compliant listed entities to ensure compliance and pay fine as per this circular within 15 days from the date of the notice.

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 enforcement action, including prosecution.

Penalty Provisions under SEBI LODR

If a listed entity commits two or more consecutive defaults in compliance of the aforesaid provisions of the Listing Regulations within 15 days from date of the notice issued under clause 4, the concerned recognised stock exchange shall, in addition to imposing fine as specified above, move the scrip of the listed entities to "Z" category wherein trades shall take place on 'Trade for Trade' basis.

The recognised stock exchange shall move back the scrip of the listed entity to the normal trading category, if it complies with respective provisions of the Listing Regulations and completely pays fine prescribed as above.

The recognized stock exchange shall give 7 days prior public notice to investors before moving the share of non-compliant entity to "Z" category or vice versa.



Thank you

