

**SEBI (LODR) REGULATIONS, 2015  
(Amendments vide Notification dated  
09<sup>th</sup> May 2018  
Effective from 1<sup>st</sup> April, 2019)**

# Other Amendments not covered in this PPT

1. SEBI (LODR) (5<sup>th</sup> Amendment) Regulations, 2018 notified on 06<sup>th</sup> September, 2018 wrt listing of **Security Receipts ( Regulation 87A to 87E) Chapter VIIIA**
2. SEBI (LODR) (6<sup>th</sup> Amendment) Regulations, 2018 notified on 16<sup>th</sup> November, 2018 wrt **Conditions for re-classification of any person as promoter/ public ( Regulation 31A) Chapter IV**

## OBJECTIVES OF LODR 2015

SEBI had notified SEBI (LODR) 2015 on 2<sup>nd</sup> September, 2015 with two-fold objectives mainly:

- To align provisions of listing requirements with the **Companies Act 2013** ; and
- To **consolidate** the conditions under **different securities' listing agreements** in one single regulation

# SEBI (LODR) REGULATION, 2015

**CHAPTERS-**  
**12**

**REGULATION-**  
**103**

**SCHEDULES-**  
**11**

## CHAPTERS UNDER SEBI (LODR) REGULATIONS, 2015

No.	Chapter Name	REG.
I	<b>Preliminary</b> - Title, Definition and applicability	1-3
II	<b>Principles</b> Governing Disclosures and Obligations of Listed Entity – transparency and responsibility of BoD	4
III	<b>Common Obligations</b> of Listed Entities –STA, Fees	5-14
IV	<b>Obligations</b> of Listed Entity which has Listed its Specified Securities-(Equity & convertible securities)	15-48

No.	Chapter Name	REG.
V	Obligations of Listed Entity which has Listed its <b>Non-convertible Debt Securities or Non-convertible Redeemable Preference Shares</b> or Both	49-62
VI	Obligations of Listed Entity which has Listed its <b>Specified Securities</b> and either <b>Non-convertible Debt Securities</b> or <b>Non-convertible Redeemable Preference Shares</b> or both.	63-64
VII	Obligations of listed entity which has listed its Indian <b>Depository Receipts (IDR)</b>	65-80
VIII	Obligations of listed entity which has listed its <b>Securitised Debt Instruments</b>	81-87

No.	Chapter Name	REG.
VIII A	Obligations of listed entity which has listed its <b>Security Receipts</b> (Inserted by the SEBI (LODR) (5 <sup>th</sup> Amendment) Regulations, 2018 w.e.f. 06.09.2018.)	87A-87E
IX	Obligations of listed entity which has listed its <b>Mutual Fund Units.</b>	88-91
X	Duties and Obligations of the Recognised <b>Stock Exchange(s)</b>	92-97
XI	Procedure for action in case of <b>Default</b>	98-99
XII	<b>Miscellaneous</b>	99-103

## **SCHEDULES UNDER LODR**

<b>No.</b>	<b>Name of Schedules</b>
I	Terms of Securities
II	Corporate Governance ( Part A to E)
III	Disclosure of Events or Information (Part A to E)
IV	Disclosure in Financial Results (Part A &B)
V	Annual Report
VI	Manner of Dealing with Unclaimed Shares



No.	Name of Schedule
VII	Transfer of Securities
VIII	*Omitted by SEBI (LODR) (Amendment) Regulation, 2016 w.e.f 01.04.2016 wrt Manner of reviewing Form B with annual audited results
IX	Amendments to Other Regulations[
X	List of SEBI Circulars which stand rescinded
XI	Fee in respect of Draft Scheme of Arrangement

## UDAY KOTAK COMMITTEE REPORT

- ✓ SEBI had constituted the **Kotak Committee in 2<sup>nd</sup> June 2017**, under the Chairmanship of Shri Uday Kotak to make recommendations to SEBI for improving standards of corporate governance of listed entities in India.
- ✓ The Committee was **represented by different stakeholders** including the Government, Industries, Stock Exchanges, academicians, proxy advisors, professional bodies, lawyers, etc.
- ✓ The Committee took approach of **Evolution and not Revolution** in implementing good CG practices in India

## The terms of reference to Kotak Committee

The Committee was requested to make recommendation to SEBI on the following issues in the context of equity listed company:

- 1) Ensuring **independence in spirit** of ID and their active **participation** in functioning of the Company;
- 2) Improving safeguards and **disclosures pertaining to RPT**;
- 3) Issues in **accounting and auditing practices** by listed Companies;
- 4) Improving effectiveness of **Board Evaluation** practices ;
- 5) Addressing issues faced by investors on **voting** and participation in **General Meetings**;
- 6) Disclosure and **transparency related issues**, if any etc.

# KOTAK COMMITTEE REPORT

- ✓ The Committee acknowledged that in India there are two styles of running a company – **The Raja (Monarch) model and the Custodian (Trusteeship) model** and corporate India needs to move in the direction of Custodian Model .
- ✓ The Committee had **submitted its Report** with several recommendations on **5<sup>th</sup> October, 2017**
- ✓ The Report was **placed on the SEBI website for public comments.**
- ✓ Comments were received from a variety of stakeholders including industry, government, global associations, institutional investors, lawyers, etc.

# KOTAK COMMITTEE REPORT

Why there is need to review Corporate Governance as in past several committees , including those under the Chairmanship of **Mr. Kumar Mangalam Birla, Mr. Narayan murthy and Mr. Naresh Chandra** have made their valuable recommendation and which have been largely adopted also.

1. Increasing **pace of change** in market conditions
2. Focus on **short term performance** at the cost of long term
3. Complex **Regulatory environment**
4. **Private Equity Funded** companies outperform public listed one
5. Value erosion in several **Public Sector Enterprise**

# KOTAK COMMITTEE REPORT

## What is expected under good Corporate Governance

1. Better structure
2. More rigorous checks and balances
3. Greater independence of all key gate keepers like ID, auditors
4. Board require to scan the road ahead and not less time on rear view mirror
5. Time to focus on future prosperity instead of compliances

Committee believed that well governed companies need to fulfil two major roles.

A. Focus on long term value creation

B. Protect the interest of shareholders with proper care, skills and diligence

## HISTORY OF RECENT AMENDMENTS

2<sup>nd</sup> June,  
2017

SEBI formed a committee on CG which was led by Mr. Uday Kotak

5<sup>th</sup> October,  
2017

The report of the Committee was placed on the SEBI website for public comments.

28<sup>th</sup> March, 2018

After due consideration, SEBI decided to accept certain recommendations:

- ✓ with modification
- ✓ without modifications
- ✓ referred certain to various agencies

9<sup>th</sup> May, 2018 &  
10<sup>th</sup> May, 2018

Amendments made to SEBI (LODR) Reg., 2015, to be implemented vide Notification dated 9<sup>th</sup> May, 2018 & vide Circular dated 10<sup>th</sup> May, 2018.

# Synopsis of Amendments vide Notfn 09<sup>th</sup> May 2018

Sr No.	Particulars
1.	Related Party (Definition)
2.	Independent Director & additional obligations
3.	Material Subsidiary
4.	Senior Management
5.	Woman Independent Director
6.	Board of Director and D & O Insurance



## Synopsis of Amendments vide Notfn 09<sup>th</sup> May 2018

Sr No.	Particulars
7.	Non-Executive Director (maximum age 75 years)
8.	Quorum for BM
9.	Remuneration of NED and ED
10.	Maximum Number of Directorship
11.	Various Committees and its roles
12.	Secretarial Compliance Report ( Regl 24A )

## Synopsis of Amendments vide Notfn 09<sup>th</sup> May 2018

<b>Sr No.</b>	<b>Particulars</b>
13.	Bonus in Agenda of BM
14.	Annual disclosure of Use of Funds raised from Preferential allotment or QIP
15.	Financial Results Standalone and Consolidated (Cash Flow half yearly)
16.	In quarterly FR ,80% of consolidated Revenue , Assets and Profits subject to Audit or Limited Review
17.	Auditors to undertake Limited Review of the audit of all entities/ companies whose accounts are consolidated
18.	Dispatch of Annual Report

## Synopsis of Amendments vide Notfn 09<sup>th</sup> May 2018

<b>Sr No.</b>	<b>Particulars</b>
19.	AGM in 5 months and live web cast of AGM
20.	Separate section on Website
21.	Roles of Audit Committee
22.	Related Party Transaction
23.	Corporate Governance wrt Unlisted Material Subsidiary
24.	Resignation of ID and Auditors

# Amendment effective from 1<sup>st</sup> October 2018

1. Certain persons **cannot be appointed as ID-** Regl 16 (1) (b)
2. No person shall be appointed or continue as an **Alternate Director** for an ID – Regl 25 (1).
3. Top 500 listed entities by market cap shall undertake **D & O Insurance** for all its ID of such quantum and for such risks as may be determined by its BoD- Reg 25 (10)
4. Listed companies shall disseminate **on its website all credit rating** obtained for all its outstanding instruments and update for any revision therein

# SEBI VIDE CIRCULAR DATED MAY 10, 2018 IMPLEMENTED FOLLOWING

## AMENDMENTS which are optional

### May disclose Board Evaluation

- (i) Observations of Board evaluation carried out for the year
- (ii) Previous year's observations and actions taken
- (iii) Proposed actions based on current year observations

### May have Group Governance Unit:

Where the listed entity has a large number of unlisted subsidiaries, it may :

- (i) Monitor their governance through group governance unit/Committee
- (ii) Establish a strong and effective group governance policy

### May disclose Medium-term and long-term strategy:

- (i) May disclose in MDA its Medium / Long term Strategy
- (ii) May articulate a clear set of long term metrics specific to the company's long term strategy

SEBI vide notification dated  
9<sup>th</sup> May 2018 made major  
amendment to LODR 2015 which  
shall be effective from  
1<sup>st</sup> April, 2019

# DEFINITIONS

REG.	Related Party Definition	W.E.F.
2 (zb)	<p><b>Related Party</b> means a related party as defined under section 2 (76) of the Companies Act, 2013 or under the applicable AS and</p> <p>A new proviso is inserted stating as follow</p> <p>Provided that any person or entity belonging to the <b>promoter or promoter group</b> of the listed entity <b><u>and</u></b> holding <b>20% or more of shareholding</b> in the listed entity shall be deemed to be a related party</p>	1 <sup>st</sup> April, 2019

REG. 15

Provisions regarding **Maximum no. of directorship (Reg.17A) & Secretarial Audit (Reg. 24A)** shall **not apply** to the following listed entities:

- ✓ having Paid-up Eq. Share Cap. **< 10 Cr.** and Net worth **< 25 Cr.**
- ✓ which has listed its specified securities on **SME Exchange**



# NON APPLICABILITY

<b>REG. 15</b>	<b>Companies under Insolvency Resolution Process</b>	<b>W.E.F.</b>
15 (2A) & (2B)	<p>Regulation 17 regarding BoD and Regulations 18, 19, 20 and 21 regarding various Committees</p> <p>shall not be applicable to a Company during its Insolvency Resolution Process and the role and responsibilities of the BoD or Committees during that period shall be fulfilled by the IRP or RP (Interim Resolution Professional or Resolution Professional)</p>	31 <sup>st</sup> May 2018

# INDEPENDENT DIRECTOR

REG.	HEADS	PROVISIONS
16(1)(b)	Definition of ID	<p>(ii) ID shall <b>not be member of the promoter group</b> of listed entity</p> <p>(viii) ID shall not be non-independent director of another Company on board of which any non-independent director of listed entity is an independent director.---<b>(Inter-locked Board)</b></p> <p><b>(w.e.f. 1<sup>st</sup> October, 2018)</b></p>

# DEFINITIONS

REG.	Material Subsidiary	W.E.F.
16 (1) (c)	<p><b><u>Material Subsidiary:</u></b></p> <p>shall mean a subsidiary, whose income or net worth exceeds <del>twenty%</del> <b>10%</b> of the <b>consolidated income or net worth</b> respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.</p>	1 <sup>st</sup> April, 2019

# BOARD OF DIRECTORS

REG.	HEADS	PROVISIONS
16(1)(d)	Senior Management	Shall mean officers or personnel of listed entity who are members of its core management team excluding BoD and shall comprise all members of management one level below the <del>executive directors</del> including all functional heads <del>CEO/ MD/ WTD/Manager</del> ( including CEO/Manager , in case they are not part of the Board) and specifically include CS and CFO

# BOARD OF DIRECTORS

REG.	HEADS	PROVISIONS
17(1)(a) Proviso	Women Independent Director (WID)	<p>Mandatory appointment of <b>at least 1 WID</b> on the Board required by following listed entity in the time frame given below:</p> <ul style="list-style-type: none"><li>✓ For <b>top 500</b> listed entities by <b>1<sup>st</sup> April, 2019</b></li><li>✓ For <b>top 1000</b> listed entities by <b>1<sup>st</sup> April, 2020</b></li></ul>

REG.	HEADS	PROVISIONS
17(1)(c)	Composition of BoD	BoD shall comprise of <b>not less than 6 Directors</b> : ✓ In case of <b>top 1000</b> listed entities by <b>1<sup>st</sup> April, 2019</b> ✓ In case of <b>top 2000</b> listed entities by <b>1<sup>st</sup> April, 2020</b>
17 (1A)	Maximum age of NED	NED shall not continue to be director or be eligible for appointment in listed entities, if such person has attained the <b>age of 75 years</b> , without passing a <b>special resolution</b> by the members and by giving justification of such appointment in explanatory statement annexed to notice.

REG.	HEADS	PROVISIONS
17(1B)	Chairperson (should not be MD/ CEO)	<p>✓ w.e.f <b>1<sup>st</sup> April, 2020</b> the <u>Chairperson of Board of top 500 listed entities shall be NED and not related to MD/CEO.</u></p> <p>However, <b>not applicable</b> if the listed entity does not have any <b>identifiable promoters</b> as per the shareholding pattern filed with the SE.</p> <p>✓ <u>Clause D in Part E of Schedule II</u> i.e. “Separate post of Chairperson and CEO” shall be <b>omitted w.e.f. 1<sup>st</sup> April, 2020.</b></p>

# Rationale for separation of such role

**Kotak Committee has reported the rationale**

**(Evolution and not revolution- hence in phased manner)**

1. **Chairman is leader of the Board**
2. **MD is leader of management**
3. It will provide a **better and more balanced governance structure**
4. Reduces excessive **concentration of authority** in a single individual
5. Board tasks are **not neglected** by a combined Chairperson and MD due to lack of time

Committee also noted that in **Germany and Netherlands** it has **two tier board** structure (i) Top Board and (ii) Top Management



REG.	HEADS	PROVISIONS
17(2A)	Quorum	<p>Quorum of every BM shall be <b>1/3 of its total strength or 3 directors, whichever is higher, including at least One ID:</b></p> <ul style="list-style-type: none"> <li>✓ For <b>top 1000</b> listed entities w.e.f. <b>1<sup>st</sup> April, 2019</b></li> <li>✓ For <b>top 2000</b> listed entities w.e.f. <b>1<sup>st</sup> April, 2020</b></li> </ul> <p>* Participation of the directors by <b>video conferencing</b> or by other audio-visual means shall also be counted for the purposes of such quorum.</p>

REG.	HEADS	PROVISIONS
17 (10)	Evaluation of ID	<p>Shall be <b>done by the entire BOD</b> and shall <b>include</b> the following:</p> <p>(a) Performance of directors and</p> <p>(b) Fulfillment of independence criteria specified in this regulation and &amp; their independence from the management.</p> <p>*The directors who are subject to such evaluation shall not participate in it.)</p> <p style="text-align: right;"><b>(w.e.f. 1<sup>st</sup> April, 2019)</b></p>

REG.	HEADS	PROVISIONS
17 (11) New	Recommen dation of Board	<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 <b><u>special business</u></b> to be transacted at a general meeting shall also set forth clearly the <b><u>recommendation of the board</u></b> to the shareholders on each of the specific items</p> <p>(w.e.f. 1<sup>st</sup> April, 2019)</p>

REG.	HEADS	PROVISIONS
25(1)	Alternate Director for an ID	No person shall be appointed or continue as an alternate Director <b>for an ID</b> of a listed entity. (w.e.f. 1 <sup>st</sup> October, 2018)
25(8) and (9)	Declaration of Independence	(8) Every <b>ID shall submit a declaration of his independence</b> in the following 3 instances: <ul style="list-style-type: none"> <li>✓ 1<sup>st</sup> BM in which he participates as a director,</li> <li>✓ 1<sup>st</sup> BM in each F.Y. and</li> <li>✓ whenever there is any change in circumstances that could affect his independent status.</li> </ul> (9) After undertaking due assessment, BoD of listed entity shall take the aforesaid declaration on record after due assessment of the <b>veracity</b> of the same

REG.	HEADS	PROVISIONS
25(10)	Directors and Officers Insurance (D & O Insurance)	<p>The <b>top 500</b> listed entities shall undertake <b>D&amp;O Insurance for all their ID</b> of such quantum &amp; risk as determined by the BOD.</p> <p style="text-align: right;"><b>(w.e.f. 1<sup>st</sup> October, 2018)</b></p>

## **REG.17(A): MAXIMUM NUMBER OF DIRECTORSHIPS**

<b>PERSON</b>	<b>MAX. DIRECTORSHIP (Including Any Alternate Directorship)</b>	<b>EFFECTIVE DATE</b>
Director	8 Listed Entities	1 <sup>st</sup> April, 2019
Director	7 Listed Entities	1 <sup>st</sup> April, 2020
ID	7 Listed Entities	1 <sup>st</sup> April, 2019
MD/WTD of listed entity can be ID	3 Listed Entities	1 <sup>st</sup> April, 2019

**\* For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director /ID shall be only those whose equity shares are listed on a stock exchange. (Thus, Debt listed companies are not covered.)**

## REMUNERATION TO NED 17(6) (ca)

### REMUNERATION TO NED 17(6) (ca)

Approval of shareholders by a special resolution shall be obtained every year in which the annual remuneration payable to a single non-executive director exceeds 50% of the total remuneration payable to all non-executive directors.

(w.e.f. 1<sup>st</sup> April, 2019)

## REMUNERATION TO ED 17 (6) (e)

### REMUNERATION TO ED 17 (6) (e)

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

- (i) the annual remuneration payable to such ED exceeds Rs.5 Cr. or 2.5 % of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 % of the net profits of the listed entity:

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

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



## AUDIT COMMITTEE REG. 18

REG. 18 no change	
Members	<ul style="list-style-type: none"><li>✓ min. 3 Directors</li><li>✓ 2/3<sup>rd</sup> shall be ID</li></ul>
Chairman	<ul style="list-style-type: none"><li>✓ shall be an ID</li><li>✓ shall be present at AGM to answer SH queries</li></ul>
No. of Meetings	<ul style="list-style-type: none"><li>✓ at least 4 times in a year</li><li>✓ max. 120 days time gap between 2 meetings</li></ul>
Quorum	<ul style="list-style-type: none"><li>✓ 2 or 1/3<sup>rd</sup> of members, whichever is greater</li><li>✓ with at least 2 ID</li></ul>

## SCHEDULE II (PART C) (AUDIT COMMITTEE)

### Schedule II, Part C (A)(21)-- Role of AC shall include the following:

Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary **exceeding Rs.100 Cr. 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.”

(w.e.f 1<sup>st</sup> April, 2019)

**In addition , under PIT Regulation , Audit Committee to review at least once in a year the Mechanism /Internal Control for prevention of Insider Trading are adequate and operating effectively**

## NOMINATION AND REMUNERATION COMMITTEE REG. 19

### PROVISIONS

Composition (Members)	<ul style="list-style-type: none"><li>✓ min. 3 Directors (all shall be NED)</li><li>✓ at least 50% shall be ID</li></ul>
Chairperson	<ul style="list-style-type: none"><li>✓ shall be an ID</li><li>✓ shall be present at AGM to answer SH queries</li></ul>
No. of Meetings (w.e.f 1 <sup>st</sup> April, 2019)	<ul style="list-style-type: none"><li>✓ shall meet at least once in a year [Reg.19(3A)]</li></ul>
Quorum (w.e.f 1 <sup>st</sup> April, 2019)	<ul style="list-style-type: none"><li>✓ 2 or 1/3<sup>rd</sup> of members, whichever is greater</li><li>✓ including at least one ID in attendance [Reg.19(2A)]</li></ul>

## **SCHEDULE II (PART D) (NRC)**

### **Sch II Part D (A) (6) deals with role of NRC**

One of the role of NRC which is newly inserted is as follows:

**“(6) recommend to the board, all remuneration, in whatever form, payable to senior management.”**

## STAKEHOLDERS RELATIONSHIP COMMITTEE (REG 20)

HEADS	STAKEHOLDERS RELATIONSHIP COMMITTEE
Constitution/ reference	The listed entity shall constitute a SRC to specifically look into [various aspects of interest] of shareholders, debenture holders and other security holders.
Members	✓ At least 3 Directors, with at least one being an ID
Chairperson	✓ shall be present at AGM to answer queries of security holders.
No. of Meetings	✓ shall meet at least once in a year

## SCHEDULE II - PART D

The **role of the Stakeholders Relationship Committee** shall *inter-alia* include the following the following :

- (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.
- (2) **Review of measures taken** for effective **exercise of voting rights** by shareholders.

(w.e.f 1<sup>st</sup> April, 2019)

## STAKEHOLDERS RELATIONSHIP COMMITTEE

- (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**.
- (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.

# RISK MANAGEMENT COMMITTEE (REG. 21)

## Risk Management Committee- Regl 22

- ✓ shall meet at least **once in a year**
- ✓ functions of RMC shall specifically **cover cyber security**
- ✓ provisions of this regulation shall be applicable to **top ~~100~~ 500 listed entities**

(w.e.f 1<sup>st</sup> April, 2019)



## RELATED PARTY TRANSACTION

REG.	HEADS	PROVISION	w.e.f
2(1) (zb)	Definition of Related party (Insertion of proviso)	“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.”	1 <sup>st</sup> April, 2019
23(1)	Materiality Policy	✓ the listed entity shall formulate a policy on materiality of RPT, [including therein clear threshold limits duly approved by the BoD and such policy shall be reviewed by the BoD at least once every 3 years and shall be updated accordingly]	1 <sup>st</sup> April, 2019

## RELATED PARTY TRANSACTION

REG.	HEADS	PROVISION	w.e.f
23(1) (A) <b>(newly inserted)</b>	Payments to <b>Related Party</b> w.r.t <b>brand usage/royalty</b>	A transaction involving payments made to a related party with respect to <b>brand usage or royalty</b> shall be considered material if:  ✓ the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, <b>exceed 2% of the annual consolidated turnover</b> of the listed entity as per the last audited financial statements of the listed entity.	1 <sup>st</sup> July, 2019 <b>SEBI has Deferred due to presentation by various stakeholders</b>

Continue...

## RELATED PARTY TRANSACTION

REG.	HEADS	PROVISION	w.e.f
23 (4)	Voting in GM for RPT	All material related party transactions shall <b>require approval of the shareholders</b> through resolution <b>and</b> <del>the related party shall abstain from voting on</del> <b>[no related party shall vote to approve]</b> such resolutions whether the entity is a related party to the particular transaction or not	1 <sup>st</sup> April, 2019

## RELATED PARTY TRANSACTION

REG.	HEADS	PROVISION	w.e.f
23 (7)	Voting	For the purpose of this regulation, all entities falling under the definition of related parties shall <del>abstain from voting</del> [not vote to approve the relevant transaction] irrespective of whether the entity is a party to the particular transaction or not.	1 <sup>st</sup> April, 2019

## RELATED PARTY TRANSACTION

REG.	HEADS	PROVISION	w.e.f
23 (9) inserted	RPT Disclosure	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 RPT on a consolidated basis, in the format specified in the relevant AS for annual results to the SE and publish the same on its website.	the half year ending March 31, 2019

## CORPORATE GOVERNANCE REQUIREMENTS FOR SUBSIDIARY OF LISTED ENTITY (REG.24)

REG.	CG for subsidiary of listed entity (w.e.f 1 <sup>st</sup> April, 2019)
24(1)	<p>✓ At least One ID on the BoD of the listed entity shall be a director on the BoD of an <b>unlisted material subsidiary</b>, whether incorporated in India <b>or not</b>.</p> <p><b>Explanation : For the purposes of this provision, the term “material subsidiary” shall mean a subsidiary, whose income or net worth <u>exceeds 20%</u> of the <u>consolidated income or net worth</u> respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year)</b></p> <p style="text-align: right;"><b>Substituted</b></p>

REG.	CG for subsidiary of listed entity (w.e.f 1 <sup>st</sup> April, 2019)
24 (4)	<p>✓ Statement of all the <b>significant transaction</b> and arrangements entered into by the unlisted subsidiary shall be brought to the notice of the BoD of listed entity.</p> <p>✓ <b><u>Explanation :</u></b>            For the purpose of this regulation, significant transaction or arrangements shall mean any individual transaction or arrangement that exceeds or is likely to exceed <b>10%</b> of the total <b>revenues/ expenses/assets/liabilities</b>, as the case may be, of the <b>unlisted [<del>material</del>] subsidiary</b> for the immediately preceding accounting year.</p>

**REG.**

**CG for subsidiary of listed entity (w.e.f 31<sup>st</sup> May 2018)**

24 (5)

**A listed entity shall not**

& (6)

(a) dispose of shares in **its material subsidiary** resulting in reduction of shareholding to **less than 50%** or **cease the exercise of control** without passing a special resolution in its GM

(b) Selling, disposing and leasing of **assets amounting to more than 20%** 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,

(Except divestment is made under a **scheme of arrangement** duly approved by a Court/Tribunal, or under a **Resolution Plan** duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved

Continue..



Reg	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

## INTIMATION TO STOCK EXCHANGE

REG.	PRE-INTIMATION
29(1)(f)	<p>The proposal for <u>declaration of Bonus Securities</u> where such proposal is communicated to the board of directors of the listed entity as part of the agenda papers.</p> <p><i>Following proviso has been deleted</i></p> <p><del>✓“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).”</del></p> <p><b>(Proviso omitted w.e.f. 1<sup>st</sup> October, 2018)</b></p> <p>This means that for declaration of Bonus at least <b><u>2 working days advance intimation</u></b> is to be given to the stock exchanges</p>

SCHEDULE	POST-INTIMATION
<p>Sch. III (Part A) Clause A (7A)</p>	<p><u>Disclosure in case of <b>resignation of Auditor:</b></u>            ✓ Detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the SE <b>not later than 24 hours</b> of receipt of such reasons from the auditor.</p>
<p>Sch. III (Part A) Clause A (7B)</p>	<p><u>Disclosure in case of <b>resignation of ID:</b></u>            ✓ Listed entity shall make a disclosure to the SE regarding the resignation of ID and the reasons for the same <b>within 7 days of such resignation alongwith following disclosures.</b></p>

SCHEDULE	POST-INTIMATION
<p>Sch. III (Part A) Clause A (7B)</p>	<p>i. Detailed <b><u>reasons</u></b> for the resignation of ID as given by the said director shall be disclosed by the listed entities to the stock exchanges.</p> <p>ii. The <b><u>ID</u></b> shall, along with the detailed reasons, also provide a <b><u>confirmation</u></b> that there is <b><u>no other material reasons</u></b> other than those provided.</p> <p>iii. The confirmation as provided by the <b><u>ID</u></b> 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</p>

REG	STATEMENT OF DEVIATIONS & VARIATIONS
32 (7A)	Where a listed entity has raised funds through preferential allotment or qualified institutions placement (QIP), the listed entity shall disclose every year the <b>utilisation of such funds</b> during that year in its annual report until such funds are fully utilised

REG	FINANCIAL RESULTS
33	<p>In addition to standalone quarterly and year to date results, the listed entity <del>may</del> shall also submit quarterly and year to date consolidated financial results</p> <p>The listed entity shall also submit audited or limited reviewed financial results in respect of the last quarter along with the results for the entire F.Y</p>

## FINANCIAL RESULTS REG. 33

- ✓ The listed entity shall also submit as part of its standalone and consolidated financial results for the half year, by way of a note, **statement of cash flows for the half-year**
- ✓ The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, **at least 80% of each of the consolidated revenue, assets and profits**, respectively, shall have been subject to audit or in case of unaudited results, **subjected to limited review**
- ✓ The listed entity shall disclose, in the results for the last quarter in the F.Y., by way of a note, **the aggregate effect of material adjustments** made in the results of that quarter which pertain to earlier periods

## **FINANCIAL RESULTS REG. 33**

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.

### **Please note**

- ✓ SEBI, vide Cir. No. CIR/CFD/CMD/15/2015 dated 30<sup>th</sup> November, 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
- ✓ Further changes made to the following formats:
  - (a) Periodical Financial Results vide a SEBI Cir. no. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016
  - (b) Limited Review/Audit Report vide a SEBI Cir. no. CIR/CMD1/44/2019 dated 29<sup>th</sup> March, 2019



# DISCLOSURE IN THE FINANCIAL RESULTS (SCHEDULE IV- BB) –

w.e.f. 01/04/2019

EARLIER PROVISION	NEW PROVISION
<p>In the statement on <b>impact of audit qualifications</b> (for audit report with modified opinion)</p> <p>“(i)The management shall <b>make an estimate</b> and the auditor shall review the same and report accordingly; or</p> <p>(ii)If the management is <b>unable to make an estimate</b>, it shall provide the <b>reasons and the auditor shall review the same</b> and report accordingly.</p>	<p>Now the changes is that</p> <p>(i) The management shall <b>mandatorily make an estimate</b> which the auditor shall review and report accordingly,</p> <p>(ii)Notwithstanding the above, the <b>management may be permitted</b> to not provide estimate on <b>matters like going concerns or sub-judice</b> matters; in which case, the management shall provide the <b>reasons</b> and the auditor shall review the same and report accordingly.</p>

REG	Dispatch of Annual Report	w.e.f
34 (1)	<p>The listed entity shall submit to the SE and publish on its website:</p> <p>(a) a <b>copy of the AR</b> sent to the shareholders along with the notice of the AGM not later <b>than the day of commencement of dispatch to its shareholders</b>;</p> <p>(b) in the event of any changes to the AR, the <b>revised copy</b> along with the details of and explanation for the changes shall be sent <b>not later than 48 hours</b> after the AGM.</p> <p>Earlier the listed entity were submitting AR to the SE within 21 working days of it being approved and adopted in the AGM as per provisions of CA, 2013</p>	For the year ended 31 <sup>st</sup> March, 2019

## REG. 36(4)-FORMAT OF DISCLOSURE

The disclosures made by the listed entity to the SE with immediate effect (09 May 2018) .

- (a) to be in XBRL format in accordance with the guidelines specified by the stock exchanges from time to time; and
- (b) To SE 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.

# ANNUAL GENERAL MEETING

## **REG. 36(5)--- NOTICE OF AGM- APPT OF AUDITORS**

The notice being sent to SHs for an AGM, where the **statutory auditor(s)** is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:

- (a) **Proposed fees payable** to the statutory auditor(s) along with terms of appointment ;
- (b) In case of a new auditor, **any material change in the fee payable** to such auditor from that paid to the outgoing auditor along with the rationale for such change;
- (c) **Basis of recommendation** for appointment including the details in relation to and **credentials** of the statutory auditor(s) proposed to be appointed.

(w.e.f 1<sup>st</sup> April, 2019)

REG.  
17(11)

The statement to be annexed to the notice as referred to in Section 102(1) of the CA, 2013 for each item of **special business** to be transacted at a general meeting shall also set forth clearly the **recommendation of the Board** to the shareholders on each of the specific items.

REG. 44

The **title** of Reg. 44 has been substituted from “Voting by shareholders” to “**Meetings of shareholders and voting**”



REG.44(5)

Top **100** listed entities shall **hold their AGM** within a period of **5 months** from the date of closing of the FY.



REG.44(6)

Top **100** listed entities shall provide **one-way live webcast** of the proceedings of the **AGM**.

Explanation: The **top 100 entities** shall be determined on the basis of market capitalisation, as at the end of the **immediate previous F.Y.**

REG.	Annual Report to shareholders	w.e.f
36(1)(a)	<p>The listed entity shall send the AR to shareholders for the year ended 31<sup>st</sup> March, 2019 and thereafter in the following manner to the shareholders:</p> <p>(a) <b><u>Soft copies</u></b> of full AR to all those shareholder(s) who have registered their email address(es) <del>for the purpose</del> either with the listed entity or with any <b>depository</b></p> <p>Earlier it was to send in Soft copies to all those shareholder(s) who have registered their email address(es) for the purpose</p>	1 <sup>st</sup> April, 2019

## ANNUAL REPORT AS PER SCHEDULE V

PART	DISCLOSURES	ANNUAL REPORT SCHEDULE V
PART A (2A)	Related Party Disclosure	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, shall be made in the AR in the format prescribed in the relevant AS for annual results.

(w.e.f 1<sup>st</sup> April, 2019)



PART	SCHEDULE V MANAGEMENT DISCUSSION & ANALYSIS (MDA)
PART B (1) (i) & (j)	<p>MDA in the AR shall include:</p> <p>(i) details of significant changes (i.e. change of 25% or more as compared to the immediately previous FY) in <b>key financial ratios</b>, along with detailed explanations thereof, including: Debtors Turnover, Inventory Turnover, Interest Coverage Ratio, Current Ratio, Debt Equity Ratio, Operating Profit Margin, Net Profit Margin or sector-specific equivalent ratios, as applicable.</p> <p>(j) details of <b>any change</b> in <b>Return on Net Worth</b> as compared to the immediately previous FY along with a detailed explanation thereof.</p>

**PART****SCHEDULE V CORPORATE GOVERNANCE REPORT****PART  
C (2)**

1. Effective from the Annual Report for the year ended 31st March 2019, in the section of BoD additional disclosure to be given about the number of other BoD or Committees in which the Director is a member or chairperson **including separately the names of the listed entities where the person is a director and the category of directorship**
2. A chart/matrix setting out the **skills/expertise/competence** of the BoD specifying the following:
  - (i) w.e.f. the F.Y. ending March 31, 2019, the **list of core skills/expertise/competencies** identified by the BOD as required in the context of its business(es) and sector(s); and
  - (ii) w.e.f. the F.Y. ending March 31, 2020, the **names of directors who have such skills / expertise / competence**

PART	SCHEDULE V CORPORATE GOVERNANCE REPORT
PART C (2)	<p>(i) confirmation that in the opinion of the Board, the ID fulfill the conditions specified in these regulations and are independent of the management.</p> <p>(j) detailed reasons for the resignation of an ID 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 provide</p>

PART	SCHEDULE V CORPORATE GOVERNANCE REPORT
PART C (9)	(q) list of <b>all credit ratings</b> obtained by the entity along with <b>any revisions</b> thereto during the relevant F.Y., for all debt instruments/fixed deposit programme/scheme/proposal of the listed entity involving mobilization of funds, <b>whether in India or abroad.</b>

PART	CORPORATE GOVERNANCE REPORT (Other disclosures)
PART C (10)	<p>(h) details of <b>utilization of funds raised through Preferential Allotment or QIP</b> as specified under Reg. 32 (7A)</p> <p>(i)a <b>certificate from a PCS</b> that <b>none of the directors</b> on the Board have been <b>debarred/disqualified</b> from being appointed or continuing as Directors of Companies by the Board/MCA or any such statutory authority</p> <p>(j) <b>reasons for not accepting any recommendation of any Committee</b> of Board which is mandatorily required</p> <p>(k) <b>total fees for all services paid</b> by the listed entity and its subsidiaries, on a consolidated basis, <b>to the statutory auditor</b> and all entities in the network firm/network entity of which the statutory auditor is a part.</p>

# WEBSITE

46(2)

- all disclosures made under this regulation to be made ~~on its website~~ **under a separate section on its website.**

(w.e.f 1<sup>st</sup> April, 2019)

46(2)(r)

- all **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.

(w.e.f 1<sup>st</sup> October, 2018)

46(2)(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 AGM** which has been called to inter alia consider accounts of that FY.

(w.e.f 1<sup>st</sup> April, 2019)

# LIST OF COMPLIANCES UNDER LODR REGULATION 2015

Sr. No.	REG.	QUARTERLY COMPLIANCES	TIME PERIOD
1.	13(3)	Company need to give a statement to SE at the end of every quarter indicating number of <b>complaint</b> pending, received, disposed of and those remaining unresolved.	Within 21 days from the end of quarter.
2.	23(3) (d)	The <b><u>AC shall review, atleast on a quarterly basis the details of RPT</u></b> entered into by listed entity pursuant to omnibus approval given by AC	Shall review atleast on quarterly basis.



Sr. No.	REG.	QUARTERLY COMPLIANCES	TIME PERIOD
3.	27(2) (a)	Company shall submit quarterly <u>compliance report on CG</u> to the SE	Within 15 days from the close of quarter.
4.	31(1) b	Company shall submit a statement to the SE indicating <u>shareholding pattern</u> separately for each class of securities	Within 21 days from the end of quarter.

Sr. No.	REG.	QUARTERLY COMPLIANCES	TIME PERIOD
5.	32 (1)	Company shall submit a statement to the SE indicating <b><u>deviations</u></b> (if any), category wise variation for public issue, right issue, preferential issue etc	Shall review at least on quarterly basis.
6.	33(3) (a)	Company shall submit quarterly and year-to-date <b><u>standalone financial results and Consolidated</u></b> to the SE (other than last quarter).	Within 45 days from the end of quarter

Sr. No .	REG.	HALF YEARLY COMPLIANCES	TIME PERIOD
1.	7(3)	Listed Company shall submit a <b><u>Compliance Certificate</u></b> to the SE duly signed by both the Compliance Officer and Authorized Representative of Share Transfer Agent	Within 1 month of the end of F.Y.

Sr. No.	REG.	HALF YEARLY COMPLIANCES	TIME PERIOD
2.	40(9)	The listed entity shall ensure that the <b><u>Share Transfer Agent</u></b> and/or the in-house share transfer facility, as the case may be, produces a certificate from a PCS, certifying that all certificates have been issued within 30 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 F.Y.
3.	54 (2)	Disclose to SE in financial results the extent and nature of security created and maintained with respect to its secured <b><u>listed non-convertible debt securities</u></b>	Half yearly and annually along with financial statement

Sr. No.	REG.	ANNUAL COMPLIANCES	TIME PERIOD
1.	33(3) (d)	Listed entities shall submit <b>annual audited standalone financial result</b> for the F.Y. along with the audit report and (statement on impact of Audit Qualification applicable only for audit report with modification opinion)	Within 60 days from the end of F.Y.

<b>Sr. No.</b>	<b>REG.</b>	<b>ANNUAL COMPLIANCES</b>	<b>TIME PERIOD</b>
2.	54 (2)	Disclose to SE in financial results the extent and nature of security created and maintained with respect its secured listed non-convertible debt securities	Half yearly and annually along with financial statement
3.	34(1)	Submit the annual report to the SE and publish it on website a copy of annual report sent to shareholder along with notice of AGM not later than the day of commencement of dispatch to its shareholder	Shall submit simultaneously to SE when a copy of annual report along with AGM notice is sent to shareholder

<b>Sr. No.</b>	<b>REG.</b>	<b>EVENT BASED COMPLIANCES</b>	<b>TIME PERIOD</b>
1.	29(1)(a) subject to proviso of 29(2)	Listed entity shall give prior intimation to SE about the BM in which financial results v.i.z quarterly, half yearly, or annual, as the case may be, is due to be considered	At least 5 days in advance (excluding the date of the intimation and date of the meeting)

Sr. No.	REG.	EVENT BASED COMPLIANCES	TIME PERIOD
2.	29(2)	<p>Listed entity shall give prior intimation to SE about:</p> <ul style="list-style-type: none"> <li>✓ proposal for buyback;</li> <li>✓ proposal for voluntary delisting;</li> <li>✓ fund raising by way of further PO, RI, ADR/GDR/FCCB/QIP;</li> <li>✓ declaration/recommendation of dividend;</li> <li>✓ the proposal for declaration of bonus securities</li> </ul>	<p>Atleast 2 working days in advance (excluding the date of intimation and date of BM)</p>



<b>Sr. No.</b>	<b>REG.</b>	<b>EVENT BASED COMPLIANCES</b>	<b>TIME PERIOD</b>
3.	30(2) and Schedule III Part A Para A(4)	<p>Outcome of BM held to consider the following:</p> <ul style="list-style-type: none"> <li>a)dividends;</li> <li>b)any cancellation of dividend;</li> <li>c) buyback of securities;</li> <li>d) the decision with respect to fund raising;</li> <li>e) issue of bonus shares;</li> <li>f) reissue of forfeited shares or securities;</li> <li>g) short particulars of any other alterations of capital, including calls;</li> <li>h) financial results;</li> <li>i) decision on voluntary delisting by the listed entity from SE(s)</li> </ul>	<p>Within 30 minutes of the closure of meeting (the intimation of outcome of the meeting shall also contain the time of commencement and conclusion of the meeting)</p>

Sr. No.	REG.	EVENT BASED COMPLIANCES	TIME PERIOD
4.	30(6)	The listed entity shall first disclose to SE(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than 24 hours from the occurrence of event or information.	Within 24 hrs from occurrence of event

Sr. No	REG.	EVENT BASED COMPLIANCES	TIME PERIOD
5.	42(2)	The listed entity shall give advance notice to SE of the <b>record date</b> specifying the purpose of the record date	At least 7 working days (excluding the date of intimation and the record date)
6.	42(3)	The listed entity shall recommend or <b>declare all dividend</b> and/or cash bonuses	At least 5 working days (excluding the date of intimation and the record date) before the record date fixed for the purpose

Sr. No.	REG.	EVENT BASED COMPLIANCES	TIME PERIOD
7.	44(3)	Details regarding the <b>e-voting results</b>	Within 48 hours of the conclusion of its GM
8.	46 (2) & (3)	The Listed entity shall disseminate the information provided under Reg.46(2) of SEBI (LODR) on its <b>website</b> and shall also update the change, if any, in the content on its website	update the website in 2 working days from the date of such change

Sr. No.	REG.	EVENT BASED COMPLIANCES	TIME PERIOD
9.	47 (1)(a)	Publish <b>notice of the BM</b> where financial results shall be discussed	Shall publish in newspaper simultaneously with the submission to SE
10.	47 (1)(b)	<b>Publish a copy of the financial results</b> which were submitted to the SE (English daily newspaper circulation 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 Company is situated)	Within 48 hours of conclusion of the BM at which the financial results were approved

Sr. No.	REG.	EVENT BASED COMPLIANCES	TIME PERIOD
11.	52 (8)	<b>Publication of the financial results</b> and statement as specified in sub-regulation 4 in at least one English national daily newspaper circulating in the whole or substantially whole of India	Within 2 calendar days from the conclusion of the BM
12.	87C	An issuer whose security receipt are listed on SE shall ensure that the listed security receipt are valued at the end of each quarter	Valuation shall be done as on June 30, September 30, December 31 & March 31 of each year

# GLOSSARY

AGM	Annual General Meeting	MD	Managing Director
AR	Annual Return	NED	Non-Executive Director
AS	Accounting Standard	NRC	Nomination and Remuneration Committee
BoD	Board of Director	PCS	Practicing Company Secretary
BM	Board Meeting	QIP	Qualified Institutional Placement
CG	Corporate Governance	RMC	Risk Management Committee
CEO	Chief Executive Officer	RPT	Related Party Transaction
CFO	Chief Financial Office	SE	Stock Exchange
ED	Executive Director	SA	Secretarial Audit
F.Y.	Financial Year	SRC	Stakeholder Relationship Committee
ID	Independent Director	WID	Women Independent Director
MDA	Management Discussion and Analysis	w.e.f.	with effect from

# Secretarial Audit Report and Secretarial Compliance Report



# Opportunity and Responsibility

- Company Secretaries are given opportunity
- They are considered as one of the Gate Keeper for good Corporate Governance Practice in India
- More accountable, transparent disclosure and diligent
- Secretarial Audit provides a bandwidth to the Company itself in building a good corporate image globally while assuring all the stakeholders against any kind of unintended risk/ frauds/penalties

## SECRETARIAL AUDIT UNDER THE CA, 2013

According to the **Section 204** of the CA, 2013 read with **rule 9** of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following types of the Companies have to compulsorily obtain 'Secretarial Audit Report' from an independent Practising Company Secretary (PCS):

- ✓ Every listed company
- ✓ All public Companies with **paid-up share capital Rs.50 Crore or above**; or
- ✓ All public Companies with **annual turnover Rs.25 Crore or above**

# REPORTING OF FRAUDS BY AUDITOR

## Rule 13 of the Companies (Audit and Auditors) Rules, 2014 provides for reporting of frauds by Auditor:

- ✓ If Company Secretary in Practice, during conduct of Secretarial Audit, has sufficient reason to believe that an offence involving fraud is being committed or has been committed against the company by officers or employees of the company, he shall report the same to the Central Government immediately but not later than 2 days of his knowledge with a copy to the Board / Audit Committee seeking their reply within 45 days
- ✓ Board / Audit Committee to reply in writing the steps taken to address the fraud
- ✓ The Auditor to forward his report and reply of the Board / Audit Committee with his comments to the Central Government within 15 days of reply by Board / Audit Committee
- ✓ The Report shall be in Form ADT - 4

# PUNISHMENTS FOR FRAUD UNDER CA, 2013

## SECTION 204 (4)

- ✓ If a Company/ any officer of the Company/ PCS contravenes the provisions of this Section, the company, every officer of the company or the PCS, who is in default, shall be punishable with fine which shall not be less than Rs.1lac but which may extend to Rs.5 lacs

## SECTION 447

- ✓ Any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than 6 months but which may extend to 10 years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to 3 times the amount involved in the fraud.
- ✓ In case, the fraud in question involves public interest, the term of imprisonment shall not be less than 3 years.

## REG.24A Secretarial Audit (under LODR )

- ✓ “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”
- ✓ The major change regarding secretarial audit is that the **scope of Secretarial Audit has now been extended to all the material unlisted subsidiary companies** as well. Earlier the scope of this type of audit was limited to listed companies only.

## RATIONALE OF REG. 24A

- ✓ The intent of SEBI behind inserting the Regulation 24A was to **strengthen the group oversight** and improve compliance at the group level for listed entities.
- ✓ Strong control and monitoring mechanism will be put in place by listed companies having unlisted subsidiaries and the same shall enable the **holding company to get awareness of all the secretarial non-compliances of their material unlisted subsidiary company, if any.**

# SECRETARIAL AUDIT REPORT (SAR)

- ✓ SAR shall be submitted along with the Annual Report with effect from the year ending March 31, 2019.
- ✓ 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 the CA, 2013 and the rules made thereunder for the purpose of compliance with Reg. 24A of SEBI (LODR) Reg. 2015.
- ✓ The secretarial audit and the report has to be done by a PCS, as per the SEBI.

## NEED OF SECRETARIAL COMPLIANCE REPORT

- ✓ Recommendation of Kotak Committee
- ✓ NSE studied the SAR of approx 1000 Companies and found that the quality of reports were not up to the mark as the non-compliances were not duly reported .
- ✓ The quality of the Secretarial Audit needed to be improved.



# SECRETARIAL COMPLIANCE REPORT (SCR)

- ✓ SEBI vide **Circular dated February 8, 2019** requires all the listed entities to prepare a SCR in addition to the SAR.
- ✓ Listed entities are required to submit SCR to the Stock Exchanges on an **annual basis**, in a format as is prescribed by SEBI.
- ✓ This report is a check by the PCS on **compliance of all applicable SEBI Regulations and Circulars/Guidelines** issued there under.
- ✓ Such report shall be submitted by the listed entities to the Stock Exchange **within 60 days of the end of the F.Y.**

## CONTENTS OF SECRETARIAL COMPLIANCE REPORT

- ✓ **Compliance status** with the SEBI guidelines, provisions and Circulars
- ✓ **Maintenance of proper records** under the SEBI guidelines, provisions and Circulars
- ✓ **Action Taken against** the listed entity, its promoters, Directors, material subsidiary either by SEBI or Stock Exchange
- ✓ **Actions taken by** the Listed Entity to comply with the observations made in previous reports

# SECRETARIAL AUDIT REPORT AND SECRETARIAL COMPLIANCE REPORT

HEADS	SAR	SCR
Governed by	Reg.24A inserted vide SEBI (LODR)(Amendment) Reg., 2018	SEBI Circular dated February 8, 2019
Applicability	Every listed entity and its material unlisted subsidiaries incorporated in India	All the listed entities (whose equity shares are listed)

HEADS	SAR	SCR
Compliance	Covers a broad check on <b>compliance with all laws applicable</b> to the entity.	Requires a check on <b>compliance of all applicable SEBI Regulations and Circulars/Guidelines</b> issued there under
Requirement	SAR shall form <b>part of Annual Report</b>	SCR require in addition to SAR
Format	Prepared in the same format as <b>Form MR-3</b> (prescribed under CA , 2013)	<b>Annexure-A</b> attached to the aforesaid SEBI Circular.
Effective date	w.e.f. the year ended <b>31<sup>st</sup> March, 2019</b>	w.e.f the year ended <b>31<sup>st</sup> March, 2019</b>

HEADS	SAR	SCR
<p>Due date for submission</p>	<p>Secretarial Auditor to submit SAR of Listed Entity addressed to shareholders of the Company which shall form part of Annual Report.</p> <p>Whereas SAR of <b>material unlisted subsidiary to be addressed to the BoD of Listed Company</b> and it shall not form part of Annual report of material unlisted subsidiary .</p> <p><u>Due Date</u> : Atleast 30 days before the date of AGM</p>	<p>Shall be submitted by the listed entity to the SE <b>within 60 days of the end of the F.Y.</b></p>

HEADS	SAR	SCR
Continual Disclosure	SA is <b>limited to the particular F.Y.</b> and disclosure for previous F.Y. is not necessary.	<b>Continual disclosure</b> on observations made by PCS in previous year's report, corrective action taken by management and comments of PCS on such corrective steps taken.
Audit to be carried out by	Practicing Company Secretary / Firm of PCS	Practicing Company Secretary / Firm of PCS

HEADS	SAR	SCR
<p>Specific Requirements</p>	<p>Ensure the <b>compliances</b> <i>w.r.t.:</i></p> <ul style="list-style-type: none"> <li>(1) Constitution of Board of Directors;</li> <li>(2) Constitution of Committees and its function;</li> <li>(3) Appointment &amp; Resignation of KMPs;</li> <li>(4) Fund raising activities;</li> <li>(5) Adequate compliance monitoring system;</li> <li>(6) Related Party Transaction;</li> <li>(7) Other Compliances of CA 2013 and SEBI Regulations; etc.</li> </ul>	<p>Ensure the <b>compliances</b> <i>w.r.t.:</i></p> <ul style="list-style-type: none"> <li>(1) Filing / Submission to exchange on time;</li> <li>(2) Website compliances;</li> <li>(3) Circular / Guidelines / Notices issued under SEBI Regulations; etc.</li> </ul>

HEADS	SAR	SCR
Adverse Remarks	PCS to give their remarks <b>on non-compliances</b>	PCS to give their remarks <b>on regulators' action and steps taken to resolve</b> , if any.
Compliances w.r.t. Circular / Notices	<b>Not required</b> specifically. However, general comments on any delay in submission or inadequate compliance shall be provided.	<b>Detailed disclosure about non-compliance</b> w.r.t. compliance requirement under Circular / Notice, its deviation and remarks
Regulators action	General comments shall be provided on any regulator action, unless it has major impact on business, then specific comments shall be provided.	Detailed disclosure on any action taken, violation, monetary penalties/ fines, against listed entities/ promoters/ directors / material subsidiaries.





# CONTACT US

**Amita Desai & Co.**  
Company Secretaries  
1005, Solaris Hubtown,  
Prof N S Phadke Marg,  
Andheri East, Mumbai- India  
Tel 91 22 2684 5920/21/23  
Mobile: 9820177691  
**Email : [info@amitadesai.com](mailto:info@amitadesai.com)**  
**Website : [www.amitadesai.com](http://www.amitadesai.com)**