

## Full scale corporate governance extended to debt listed companies:

SEBI LODR Amendments expose debt issuers with Rs 500 crore or more listed debt to extensive compliances – “comply or explain” basis from 7<sup>th</sup> Sep, 2021 and full compliance basis from 1<sup>st</sup> April, 2023

**High Value Debt Listed Entity (HVD)** to include companies having outstanding listed debt securities of Rs. 500 crore or more

### Major board level compliances

- Several new committees to be constituted; some to be reconstituted

### Several new Website disclosures

- Board composition
- Notice of BM and financial results
- Annual report
- Credit ratings, including any subsequent revision/modification
- Statement of deviations /variations in use of proceeds
- Annual Return
- Statutory policies
- Composition of committees
- Other relevant details

### Interim financial statements

- Quarterly financial results instead of half-yearly
- Additional accounting ratios to be disclosed

### “Material modification” in structure of non convertible securities to require:

- Board and debenture trustee approval
- **Written consent of minimum 3/4<sup>th</sup> in value of the holders**
- Approval of stock exchanges

### Payment details to be posted on stock exchanges

- Status of payment – within 1 working day of becoming due
- All payment obligations of the quarter – 5 working days prior to the quarter
- Details of unpaid obligations – at the end of the quarter

### Related party transaction disclosures

- To be made on half yearly basis

## Amendment makes listing compliances tough

### Prompt flow of information to stock exchanges

- Outcome of BM considering fund raising, financial results
- Frauds/defaults etc by KMP, promoters, directors
- Changes in director, KMP, auditor
- Proceedings of AGM/EGM
- Resignation of auditor with reasons
- Details of settlement, resolution plan, CIRP etc
- Details of change in DT, CRA
- Change in terms of issue, payment etc of NCS
- Intimation before BM for
  - any alteration in structure of NCS/ date of payment etc
  - For any proposal of fund raising through NCS, declaration of financial results etc
- **before** dispatch of notice of AGM/EGM/ concerned securities-holders’ meeting

For detailed analysis, see our link here