

Article

“Ready Reckoner –SEBI’s Corporate Governance Report”

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“Ready Reckoner –SEBI’s Corporate Governance Report”

Article

Corporate Governance is always a key concern for the market regulator SEBI. Transparency and accountability are pillars of Corporate Governance. The main objective of Corporate Governance is to boost and maximize the shareholder value and protect their interest.

SEBI to keep pace with the hastily changing corporate environment and need for more vigorous governance, constituted the panel of 21 members in June 2017 headed by Mr. Uday Kotak to suggest corporate governance reforms. The committee submitted its report on October 05th, 2017. The committee has recommended major overhaul of corporate governance norms for listed firms.

The following is the table showing brief proposed amendments to SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as recommended by the SEBI’s Committee Report [Read full Report](#)

Proposed Effective Date: With Immediate Effect

Chapter No.	Regulation	Proposed amended provision
V	31A	<p>Disclosure of Class of shareholders and Conditions for Reclassification.</p> <p>(6) Where an entity becomes professionally managed and does not have any identifiable promoter then existing promoter(s) may be re-classified as public shareholders, on receipt of request in this regard from the promoter(s), subject to approval of the board of directors and the shareholders in a general meeting in which the promoter, promoter group and persons acting in concert shall not vote.</p> <p>Explanation.- For the purposes of this sub-regulation, an entity may be considered as professionally managed, if-</p> <ul style="list-style-type: none">(i) No promoter or promoter group along with persons acting in concert taken together shall hold more than ten per cent paid-up equity capital of the entity including any holding of convertibles/outstanding warrants/Depository Receipts.(ii) The promoter(s) and their relatives shall not be on the board of directors of the listed entity or in management of the listed entity or have a nominee director on the board of the listed entity.(iii) The promoter(s) along with his promoter group entities and the persons acting in concert shall not have any special right through formal or informal

Proposed Effective Date: With Immediate Effect

Chapter No.	Regulation	Proposed amended provision
		<p>arrangements. All shareholding agreements granting special rights to such outgoing entities shall have been terminated.</p> <p>(6A) Any person/entity (“Specific Promoter”) which is a part of promoters, promoter group or persons acting in concert with them may be re-classified as public shareholders, on receipt of request in this regard from the Specific Promoter, subject to the approval of the board of directors and approval of the shareholders in a general meeting, wherein the Specific Promoter(s), along with its promoter group and persons acting in concert shall abstain from voting on such resolution placed before the shareholders for approval, and provided the following conditions are met:</p> <p>(7) promoters, promoter group and persons acting in concert of the listed entity cumulatively hold 10% or more of the paid-up equity capital of the entity; and</p> <p>(ii) the Specific Promoter, its promoter group and persons acting in concert cumulatively hold less than 5% of the paid-up equity capital of the entity;</p> <p>(iii) Specific Promoter or its promoter group or persons acting in concert</p> <p>(a) is not on the board of directors of the listed entity or in management of the listed entity or have a nominee director on the board of the listed entity, and</p> <p>(b) is not acting in concert with other persons forming part of the promoter and promoter group; and</p> <p>(iv) The Specific Promoter(s) seeking reclassification along with his promoter group entities and the person acting in concert shall not have any special right through formal or informal arrangements and all shareholding agreements granting special rights to such outgoing entities shall have been terminated.</p>
V	23	<p>Related Party Transactions</p> <p>(4) All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.</p> <p>(7) For the purpose of this regulation, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity</p>

Proposed Effective Date: With Immediate Effect

Chapter No.	Regulation	Proposed amended provision
		is a party to the particular transaction or not
VI	46	<p>Website (2)(o)The schedule of analyst or institutional investor meet shall no longer be required to be disseminated on the website of the listed entity. (Appropriate modifications may also be made to SEBI circular No. CIR/CFD/CMD/4/2015 dated Sep 9, 2015.)</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
I	17	<p>Board of Directors If a director does not attend at least half of the total number of board meetings held during the period of two consecutive financial years on a rolling basis, commencing from the financial year immediately succeeding the date of appointment, his/her continuance on the board shall be subject to ratification by the shareholders at the next annual general meeting (notwithstanding the nature of directorship).</p>
I	17	<p>Board of Directors The board of directors shall meet at least four five times a year, with a maximum time gap of one hundred and twenty days between any two meetings and at least once a year, the board shall specifically discuss strategy, budgets, board evaluation, risk management, ESG (environment, sustainability and governance) and succession planning.</p>
I	17	<p>Board of Directors Listed entity shall at least once in every year undertake a formal updation programme for the Board of directors on changes in applicable laws, regulations and compliance requirement.</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
I	17	Board of Directors There should at least once in every year, a formal interaction between Non-executive director and senior management of the company
II	16	(1) (b) The definition of the Independent Director shall also include : (ii) a person who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity; (viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director
II	17	Board of Directors (10) The evaluation of independent directors shall be done by the entire board of directors which shall include: (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:
Schedule V: Annual Report Part C.: Corporate Governance Report	Sub clause 2(h)	The disclosure to be made in the section of corporate governance in Annual Report shall also include: (h) A confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and is independent of the management.
II	25	Obligation with respect to independent director: Insertion of new clause (8) & (9) (8) Every independent director shall, - at the first meeting of the board in which he participates as a director and - thereafter at the first meeting of the board in every financial year or - whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in regulation 16(1)(b) and that he is not aware of any circumstance or situation,

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
		<p>which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with objective independent judgments and without any external influence.</p> <p>(9) The board of directors of the listed entity shall take on record the declaration and confirmation provided by the independent director under sub regulation (8) after undertaking due assessment of the veracity of the same.</p>
II	17	<p>Board of Directors</p> <p>(6) (e) The top 500 listed entities by market capitalization shall pay compensation to each independent director as under:</p> <p>(i) Minimum total remuneration in aggregate of rupees 5,00,000 per annum, whether through sitting fees or profit linked commissions subject to receipt of approvals, if any, as may be necessary under Companies Act, 2013.</p> <p>Provided that, this provision will not apply in case of inadequacy of profits in accordance with Section 197 of Companies Act, 2013.</p> <p>(ii) Minimum sitting fees for every board meeting of rupees 50,000 for top 100 entities by market capitalisation and rupees 25,000 for next 400 entities by market capitalisation.</p> <p>(iii) Minimum sitting fees for each audit committee meeting of rupees 40,000 for top 100 entities by market capitalization and rupees 20,000 for next 400 entities by market capitalisation.</p> <p>(iv) Minimum sitting fees for each board committee meeting (other than audit committee) of rupees 20,000 for top 100 entities by market capitalisation and rupees 10,000 for next 400 entities by market capitalisation for all such committees mandatory to be formed under these regulations.</p> <p>Explanation: Market capitalisation for the purpose of this clause shall be calculated as on March 31 of the preceding financial year.</p>
Schedule V: Annual Report Part C.:		<p>The disclosure in section of Corporate governance in annual report shall also include:</p> <p>(2) (h): Detailed reasons for resignation of independent directors in case he resigns before the expiry of his tenure:</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
Corporate Governance Report		Provided that the director shall be required to confirm that there are no other material reasons other than those provided, the disclosure of which shall also be made by the listed entity.
II	25	<p>Obligation with respect to Independent Director The formal induction process shall also include familiarization about (d) organization structure and operations; to the independent director of the listed entity</p> <p>(7A) Each independent director shall undergo formal training once every 5 years on their roles and responsibilities with particular emphasis on governance aspects, and shall certify compliance with the same to the listed entities every year:</p> <p>Provided that all independent directors currently on boards of listed entities shall comply with this provision within a period of 2 years from the date of its notification.</p>
II	25	<p>Obligation with respect to Independent Director (1A) No person shall be appointed as an alternate director for an independent director of a listed entity.</p>
II	25	<p>Related Party Transaction (6) Any casual vacancy arising in the office of an independent director shall be filled by a new independent director by listed entity at the earliest but not later than the immediate next board meeting or 3 months from the date of such vacancy, whichever is later:</p> <p>(6A) Any appointment to fill a casual vacancy in the office of independent director shall be subject to approval by the shareholders at the next general meeting, and such director shall cease to hold office:</p> <p>a) if not so approved at the said meeting;</p> <p>b) on the last date on which the meeting ought to have been held;</p> <p>Whichever is earlier.</p>
III	18	<p>Audit Committee (2)(a) The meeting of the audit committee shall be held at least five times in a year and not more than 120 days shall elapse between two meetings.</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
III	19	Nomination And Remuneration Committee The nomination and remuneration committee shall meet at least once in a year.
III	20	Stakeholder’s Relationship Committee The stakeholder’s relationship committee shall meet at least once in a year.
III	21	Risk Management Committee The risk management committee shall meet at least once in a year.
III	Schedule II	The role of audit committee shall also include reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
III	16(1)(d)	The word “Senior management” shall also include all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case chief executive officer /manager not part of the board) and shall specifically include company secretary and chief financial officer: Provided that administrative staff shall not be included.
III	Schedule II: Corporate Governance	The role of Nomination & Remuneration Committee shall also include recommendation to the board all remuneration, in whatever form, payable to senior management.
III	20	Stakeholder Relationship Committee (2A) The Stakeholder Relationship Committee shall specifically look into various aspects of interest of shareholders, debenture holders and other security holder. At least three directors, with at least one being an independent director, shall be members of the Committee (3) The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meeting to answer queries of the security holders
III	Schedule II: Corporate Governance	(B) The role of Stake holder Relationship Committee shall inter-alia also include: (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.

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
		<p>(2) Proactively communicate and engage with stockholders including engaging with the institutional shareholders at least once a year along with members of the Committee/Board/KMPs, as may be required and identifying actionable points for implementation.</p> <p>(3) Review of measures taken for effective exercise of voting rights by shareholders.</p> <p>(4) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.</p> <p>(5) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.</p>
III	19	<p>Nomination And Remuneration Committee (2A) The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, with at least one independent director</p>
III	20	<p>Stakeholders Relationship Committee (3A) The quorum for a meeting of the Stakeholders Relationship Committee shall be either two members or one third of the members of the committee, whichever is greater, with at least one independent director.</p>
III	21	<p>Risk Management Committee (4)The function of Risk Management Committee shall specifically cover cyber security. (5)The provision of this regulation shall be applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.</p>
III	26	<p>Obligations with respect to employees including senior management, key managerial persons, directors and promoters. For the purpose of determining the limit of chairpersonship and membership of the directors, the chairpersonship and membership of the audit committee, Nomination and Remuneration Committee and the Stakeholders' Relationship Committee shall be considered.</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
IV	16	The definition of “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
IV	24	<p>Corporate governance requirements with respect to subsidiary of listed entity</p> <p>(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.</p> <p>Explanation- For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.</p> <p>(4) The term “Significant Transaction” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.</p>
IV	24A	<p>24A. Secretarial Audit</p> <p>Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be prescribed.</p>
V	Insertion of new Chapter IV-A	<p>INFORMATION RIGHTS OF CERTAIN PROMOTERS AND SIGNIFICANT SHAREHOLDERS</p> <p>As per sub regulation (2) , Under the agreement, the persons mentioned in sub-clauses (i) and (ii) of clause (c) of sub regulation (1) of regulation 48A shall be provided access to any material information subject to the terms of the agreement, and the persons mentioned in sub-clause (iii) of clause (c) of sub regulation (1) of regulation 48A shall be provided only such material information as is shared with the nominee director in the normal course by virtue of his directorship in the listed entity.</p> <p>(4) A listed entity that enters into the agreement shall disclose the following information or events under regulation 30:</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
		(a) fact of entering into the agreement; (b) the names of the counterparty to such agreement; (c) termination of the agreement.
V	Schedule III Part A	A: Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30) shall also include: (16) The fact of entering into or termination of the agreement under regulation 48B along with the name of the counterparty
V	33	Insertion of a new clause (g): (g) The listed entity shall submit within 30 days of publication of its standalone and consolidated financial results for the half year; disclosures of related party transactions on a consolidated basis, in the format prescribed in the relevant accounting standards for annual results, to the stock exchanges and publish the same on its website.
V	34	The Annual Report shall also include the following: (a) disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results;
V	2	The definition of “related party” includes 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 also be a related party.
V	23	Related Party Transaction (2) Notwithstanding the clause (1) of regulation 23, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
V	17	Board of Directors Insertion of a new sub-clause (e) under sub- Regulation (6): (e) The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
		<p>special resolution in general meeting, if:</p> <p>(i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or</p> <p>(ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:</p> <p>Provided that, the approval of the shareholders under this provision shall be valid only till expiry of term of such director.</p>
V	17	<p>Board of Directors</p> <p>Insertion of new sub-clause (ca) under sub regulation 6</p> <p>(ca) The approval of shareholders shall be obtained every year in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.</p>
V	23	<p>Related Party Transaction</p> <p>(1)The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.</p> <p>(1A) Such policy on materiality shall be reviewed by the board of directors at least once every three years and updated accordingly.</p>
VI	34	<p>The listed entity shall submit to the stock exchange:</p> <p>(a) Copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders;</p> <p>(b) In the event shareholders approve any amendments to any portion of the annual report, then the revised copy (with details of and explanation for the changes so approved) to be sent no later than 48 hours after the annual general meeting.</p>
VI	31	<p>Holding of specified securities and shareholding pattern</p> <p>(1A) The statement of holding of securities and shareholding pattern as specified in clause (1) of Regulation 31 shall include details of names of holders of global depository receipts issued by the listed entity, if any, holding more than 1% of the total shareholding of the</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
		entity. (1B) The listed entities shall obtain the information on holders of global depository receipts issued by the entity, if any, from the overseas depository at least once every month.
VI	46	Website: (r) Any revision in credit ratings obtained by the entity for all its outstanding instruments shall be updated immediately on the website on the listed entity.
VI	Schedule V	C. Corporate Governance Report (9) General Shareholder information shall also include (q) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad
VI	36	Documents & Information to shareholders. (4) All disclosures made in soft copy by the listed entity shall be in XBRL format to the stock exchanges and in any searchable format on its website.
VI	Schedule V	B.1. Management Discussion and Analysis shall also include: (i) Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including: (i) Debtors Turnover (ii) Inventory Turnover (iii) Interest Coverage Ratio (iv) Current Ratio (v) Debt Equity Ratio (vi) Operating Profit Margin (%) (vii) Net Profit Margin (%) or sector-specific equivalent ratios, as applicable (j) Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
VI	Schedule V	C. Corporate Governance Report (10) Other disclosures shall also include: h) Utilization of funds raised through preferential allotment or QIPs undertaken in the relevant financial year, until such funds are fully utilized.
VI	Schedule V	C. Corporate Governance Report: (2) Board of Directors (c) The Director shall disclose number of other board or committees in which a director is a member or chairperson, giving separately the names of the listed entities where the person is a director and category of directorship.
VI	Schedule V	C. Corporate Governance Report (10) Other disclosure shall also include: (h) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/MCA or any such statutory authority.
VI	46	Website All the information required to be disseminated under clause (2) of regulation 46 shall be disseminated under a separate section on the website of the listed entity.
VI	46	Website The information required to be disseminated under clause (2) of regulation 46 shall also include: (r) Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.
VI	Schedule V	B. Management Discussion and Analysis: (2) Under this section, the listed entity may also disclose, within the limits set by its competitive position, its medium-term and long-term strategy based on a time frame as determined by its board of directors.
VI	29	Prior Intimations: (1)(f) The listed entity shall give prior intimation to the stock exchanges about the board meeting where bonus securities are to be declared. Declaration of bonus securities cannot be a tabled item when it is not part of the agenda.

“Ready Reckoner –SEBI’s Corporate Governance Report”

Article

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
VI	Schedule V	<p>C. Corporate Governance Report (h) where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof in the section Corporate Governance of the Annual Report.</p>
VII	Schedule IV,	<p>Part A: Disclosure in Financial Results BB. The management shall mandatorily make an estimate with respect to audit qualifications where the impact of the qualification is not quantifiable and the auditor shall review the same and report accordingly. Provided that the management may be permitted to not provide estimate on matters like going concern or sub-judice matters; in which case, the management shall provide the reasons and the auditor shall review the same and report accordingly.</p>
VII	33	<p>Financial Result Insertion of a new sub-regulation (7): (7) In case an auditor is not satisfied with the views or opinions of the management or of an expert whose services have been availed by the management, the auditors shall have the right to independently obtain external opinions from experts appointed by the auditors themselves and any expenditure incurred for such purpose shall be borne by the listed entity.</p>
VII	33	<p>Financial Result (3) The listed entity shall submit the financial results in the following manner:</p> <p>(b) In case the listed entity has subsidiaries, it shall also submit quarterly/year-to-date consolidated financial results along with quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter</p> <p>(e) The listed entity shall also submit the financial results in respect of the last quarter along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to- date figures up to the third quarter of the current financial year</p> <p>Insertion of a new clauses (g), (h) and (i):</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
		<p>(g) The listed entity shall also submit as part of its standalone and consolidated financial results for the half year, by way of a note, statement of cash flows for the half-year.</p> <p>(h) The listed entity shall ensure that, for the purposes of quarterly consolidated financial results, at least eighty percent 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.</p> <p>(i) The listed entity shall disclose by way of a note, the aggregate effect of material adjustments made in the results of the last quarter which pertain to earlier periods.</p>
SEBI circular No. CIR/CFD/CMD/4/20 15 dated September 9, 2015	Annexure I	<p>Clause 7 7.5 Detailed reason for the resignation of the Auditor as given by the said auditor A detailed reason shall also be given in addition to the disclosure of clause 7 of the said circular</p>
VII	Schedule V	<p>C. Corporate Governance Report Insertion of a new sub-clause (h): The following disclosure shall also be made in the section on the corporate governance of the Annual Report</p> <p>(h) total fees for all services paid by the listed entity and its subsidiaries (i.e. on a consolidated basis) to the statutory auditor and all entities in the network firm/network entity of which the auditor is a part.</p>
VII	New Insertion: 34A	<p>The notice to shareholder for an annual general meeting where the statutory auditor(s) is/are proposed to be appointed/re-appointed shall include the following disclosure as a part of the explanatory statement to the notice:</p> <p>(a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change;</p> <p>(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.</p>

Proposed Effective Date: 01 April, 2018

Chapter No.	Regulation	Proposed amended provision
VIII	New Insertion: 43A	<p>Meetings of shareholders The top 100 listed entities by market capitalization, determined as on March 31 of every financial year, shall hold their annual general meetings within a period of five months from the date of closing of the financial year.</p>
VIII	New Insertion: 44A	(2) The top 100 listed entities by market capitalization, determined as on March 31 of every financial year, shall provide one-way live webcast of the proceedings of all shareholder meetings held on or after April 1, 2018.
VIII	17	<p>Insertion of new clauses 11A and 11B</p> <p>11A. The statement referred to in Section 102(1) of the Companies Act, 2013 in respect of items of special business to be transacted at a general meeting shall also set forth clearly the recommendation of the board to the shareholders.</p> <p>11B. Notwithstanding what is contained in sub-clause 11A above, in exceptional circumstances as may be determined by the board at its discretion:</p> <p>(i) the statement referred to above may not contain the recommendation referred to in sub-clause 11A; and</p> <p>(ii) Instead of the recommendation, the board of directors shall, in the statement referred to in sub-clause 11A, disclose the nature of exceptional circumstances that have arisen, and their deliberated views that explains the different views on the resolution as may be applicable.</p>

Proposed Effective Date: 01 Oct, 2018

Chapter No.	Regulation	Proposed amended provision
I	17	Board of directors The Board of directors shall comprise of not less than six directors.
I	17	Board of directors The Board shall have at least one woman as an independent director.
I	17	Board of directors The quorum for every meeting of the board of directors of the listed entity shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director
I	25	Obligations with respect to independent directors. (8) The top 500 listed entities by market capitalization, calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance (‘D and O insurance’) for all their independent directors of such quantum and for such risks as may be determined by its board of directors. Based on future impact assessment as deemed fit by SEBI, the aforesaid sub-Regulation (8) may be modified as under: (8) All listed entities shall undertake Directors and Officers insurance (‘D and O insurance’) for all their independent directors of such quantum and for such risks as may be determined by its board of directors.
I	25	Obligations with respect to independent directors. (2A) All listed entities having a non-independent chairperson shall designate an independent director as the lead independent director who, apart from being a member of the nomination and remuneration committee, shall fulfill the following role: a) leading exclusive meetings of the independent directors and providing feedback to the chairperson/board of directors after such meetings; b) serving as a liaison between the chairperson of the board and independent directors; c) presiding over meetings of the board at which the chairperson and vice-chairperson, if any, is not present, including executive sessions of the independent directors;

Proposed Effective Date: 01 Oct, 2018

Chapter No.	Regulation	Proposed amended provision
		d) having the authority to call meetings of independent directors; e) if requested by significant shareholders, ensuring that he is available for consultation and direct communication.

Proposed Effective Date: Financial Year Ending 31st March 2019 / 31st March 2020

Chapter No.	Regulation	Proposed amended provision
I	Schedule V (New Insertion)	The following disclosure shall also be made in the section on the corporate governance of the annual report. (h)A chart or a matrix setting out the skills/expertise/competence of the board of directors.

Proposed Effective Date: Financial Year Ending 01 Oct 2019

Chapter No.	Regulation.	Proposed amended provision
I	17	Board of Director Appointment of any person or continuation of directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Proposed Effective Date: 01 April, 2020 / 01 April, 2022

Chapter No.	Regulation	Proposed amended provision
I	Schedule II : Corporate Governance Part E: Discretionary requirement	With effect from April 1, 2020, all listed entities which have public shareholding of forty percent or more at the beginning of a financial year shall ensure that the Chairperson of the board of such listed entity shall be a non-executive director, on and from that financial year. With effect from April 1, 2022, the Chairperson of the board of each of the listed entities shall be a non-executive director.

Proposed Effective Date: Financial Year ending 31 March 2019

Chapter No.	Regulation	Proposed amended provision
I	Schedule V: Annual Report C. Corporate Governance Report	A confirmation that the board of directors has been responsible for the business and overall affairs of the listed entity in the relevant financial year and that the reporting structures of the listed entity, formal and informal, are consistent with the above.

Proposed Effective Date: 01 April 2019 / 01 April 2020

Chapter No.	Regulation	Proposed amended provision
I	New Insertion 17(A)	No person shall hold office as a director, including any alternate directorship, in more than eight listed entities at the same time (of which independent directorships shall not exceed seven), with effect from April 1, 2019 and not more than seven listed entities with effect from April 1, 2020. Any person who is serving as a whole time director/managing director in any listed entity shall serve as a independent director in not more than three listed entities.
II	17	Board of Directors At least half of the board of directors shall comprise of independent directors (i) with effect from April 1, 2019, for the top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediately preceding financial year; and (ii) with effect from April 1, 2020, for all listed entities.

Proposed Effective Date: 01 April 2019

Chapter No.	Regulation	Proposed amended provision
III	19	Nomination and Remuneration Committee At least two-third members of the Nomination and Remuneration Committee shall constitute of independent directors

Proposed Effective Date: 01 April, 2021

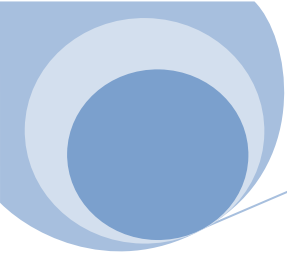
Chapter No.	Regulation	Proposed amended provision
VIII	43B	In case a listed entity holds its own shares in its name or in the name of any trust either on its behalf or on behalf of any of its subsidiaries or associates (i.e. treasury stock), no voting rights attached to such shares shall be exercisable with effect from April 1, 2021.

Proposed Effective Date: No Date Specified

Chapter No.	Regulation	Proposed amended provision
III	Schedule III: Corporate Governance Part E:	The listed entity may constitute an information technology committee which will focus on digital and technological aspects

Proposed Effective Date: No Date Specified

Chapter No.	Regulation	Proposed amended provision
	Discretionary Requirements	
V	3 of SEBI PIT Regulation	<p>Insertion of a new sub-Regulation (2A)</p> <p>(2A) Notwithstanding anything contained in this regulation, any unpublished price sensitive information may be communicated, provided, access is allowed to or procured, as part of and in accordance with Chapter IV-A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the same shall be considered as communication or procurement of unpublished price sensitive information in furtherance of legitimate purposes.</p>
SEBI Act & SCRA	Insertion of new section	<p>(1) The Board may, if it is satisfied that any person (the informant) who has disclosed to the Board any alleged violation(s) of this Act or rules or regulations made thereunder and has made full, true and vital disclosures in respect of the alleged violation(s), impose a lesser penalty or liability than that prescribed or waive the same, as it may deem fit, in respect of the informant, to the extent and in the manner as may be prescribed:</p> <p>Provided also that lesser penalty or liability or waiver of the same shall not be imposed/granted by the Board if the informant does not continue to cooperate with the Board till the completion of the proceedings before the Board, and if required, shall cooperate in any further legal proceedings:</p> <p>Provided also that the Board may, if it is satisfied that the informant had in the course of proceedings,—</p> <p>a) not complied with the condition on which the lesser penalty or liability was imposed or waiver was granted by the Board; or</p> <p>b) had given false evidence or material misstatements; or</p> <p>c) the disclosure made is not vital, and thereupon the informant may be tried for the violation/offence with respect to which lesser penalty or liability was imposed or waiver was granted by the Board and shall also be liable to the imposition of penalty/liability to which the informant has been liable, had lesser penalty or liability not been imposed or waiver not been granted.</p> <p>(2) The discretion of the Board, in regard to reduction in penalty or liability or grant of</p>



Proposed Effective Date: No Date Specified

Chapter No.	Regulation	Proposed amended provision
		<p>waiver under this Act, shall be exercised having due regard to –</p> <ul style="list-style-type: none">a) the stage at which the informant comes forward with the disclosure;b) the evidence already in possession of the Board;c) the quality of the information provided by the informant;d) role played by the informant in the said violations; ande) the entire facts and circumstances of the case. <p>(3) The Board shall treat as confidential the identity of the informant and the information obtained from such informant and shall not disclose the identity or the information obtained unless the disclosure is required by law; or</p> <ul style="list-style-type: none">b) the informant has agreed to such disclosure in writing, which has not been withdrawn in writing until the disclosure is made; orc) There has been a public disclosure by the informant. <p>(4) The Board may require companies to offer protection to the informant or any other person against victimization in the manner as may be prescribed.</p>

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