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SEBI strengthens CG norms:

Amends LODR Regulations to implements Kotak Committee recommendations

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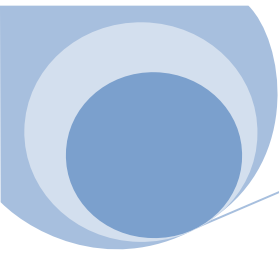
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SEBI, in its meeting held on March 28, 2018¹ had discussed and taken decision on several matters viz.

- Recommendations of Kotak Committee report on Corporate Governance;
- Strengthening Algorithmic Trading Framework;
- Equity Derivatives market;
- Additional expenses on daily net assets of MF Schemes;
- Go green initiative in Mutual Funds;
- Amendment to AIF Regulations regarding Angel funds;
- Enforcement framework for non-compliance of Listing Regulations;
- Transfer of securities only in demat form (Reg. 40 of Listing Regulations)
- Distribution of cash benefits through depositories

Recommendations of Uday Kotak committee

Report of Uday Kotak Committee ('Committee Report')², suggesting amendments proposed to be made in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') was issued on October 5, 2017³ proposing amendments in following areas:

- Composition and Role of the Board of Directors;
- Independent Directors;
- Board Committees;
- Monitoring of group entities;
- Sharing of information with Promoters/ controlling shareholders;
- Related party transactions;
- Disclosures and transparency;
- Accounting and Audit related issues;
- Investor participation in meetings of Listed entities;
- Governance aspects of PSEs
- Leniency mechanism in case of a whistle blower.

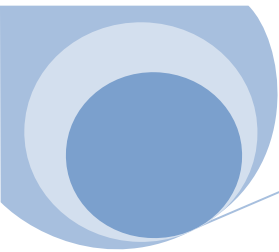
The report was not favorably received by MCA (Page 105 of Committee Report), especially in relation to extending the jurisdiction to unlisted companies and proposing amendments to other core company law principles. Similar, comments were also provided by Ministry of Finance (Page 111 of Committee Report)

Out of 80 recommendations, 40 were accepted without modifications, some with modifications and few rejected by SEBI.

¹ https://www.sebi.gov.in/media/press-releases/mar-2018/sebi-board-meeting_38473.html

² https://www.sebi.gov.in/reports/reports/oct-2017/report-of-the-committee-on-corporate-governance_36177.html

³ Refer our detailed write up on <http://vinodkothari.com/blog/analysis-of-the-amendments-proposed-by-the-sebi-committee-on-corporate-governance/>



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SEBI vide notification dated May 9, 2018 has notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018⁴ amending Listing Regulations for suitably incorporating the recommendations. Save as otherwise specifically provided for in the Amendment Regulations, they shall come into force with effect from April 1, 2019.

Composition and Role of the Board of Directors;

Recommendations accepted (without any modification)

Maximum directorships

- § 8 listed entities (of which IDs shall not exceed seven) – w.e.f April 1, 2019;
- § 7 listed entities w.e.f April 1, 2020.

Amendment made in Listing Regulations

- § Insertion of a new regulation:
*“17A. Maximum number of directorships.
The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time –
(1) A person shall not be a director in more than eight listed entities **with effect from April 1, 2019** and in not more than seven listed entities with effect from April 1, 2020: Provided that a person shall not serve as an independent director in more than seven listed entities.
(2) Notwithstanding the above, any person who is serving as a whole-time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities. **Effective from April 1, 2019.**
For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.”*

Disclosure of expertise/skills of directors

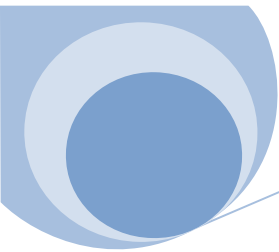
- § Expertise matrix of the board annually to enable shareholders to adequately analyse whether a board has a sufficient mix of diverse expertise/skill-sets or not.
 - However, the Committee Report provides a time span of three years (approx.), as such disclosures are proposed to come into effect from the financial year ended March 31, 2020.

Recommendations accepted (with modification)

Minimum Directors on the Board

- § Minimum 6 directors in the top 1000 listed entities by market capitalization by April 1, 2019 and in the top 2000 listed entities, by April 1, 2020.

⁴ https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/may-2018/1525928357601.pdf#page=1&zoom=auto,-23,792



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Amendment made in Listing Regulations

- § Regulation 17 (1) dealing with composition of board of directors of listed entity amended by inserting clause (c) to include the amendment. **Effective from April 1, 2019.**

Gender Diversity

- § At least one woman independent director in the top 500 listed entities by market capitalization by April 1, 2019 and in the top 1000 listed entities, by April 1, 2020.

Amendment made in Listing Regulations

- § Regulation 17 (1) (a) dealing with composition of board of directors of listed entity amended to include proviso and explanation. **Effective from April 1, 2019.**

NED attaining certain age

- § In case of appointing a person or continuing the directorship of any person as a non-executive director who has attained the age of seventy five years can be done only if a special resolution is passed with suitable justification in explanatory statement.

Amendment made in Listing Regulations

- § Sub-regulation (1A) inserted in Regulation 17. **Effective from April 1, 2019.**

“(1A) No listed entity shall appoint a person or continue the 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 a person.”

Separation of the Roles of Non-executive Chairperson and Managing Director/CEO

- § to be initially made applicable to the top 500 listed entities by market capitalization **w.e.f. April 1, 2020.**

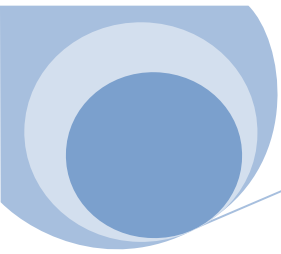
Quorum

- § 1/3rd of the size of the Board or 3 members, whichever is higher
- in the top 1000 listed entities by market capitalization by April 1, 2019; and
 - in the top 2000 listed entities, by April 1, 2020.

Remuneration to EDs and NEDs

Amendment made in Listing Regulations

- § The proposed insertion of clause (ca), after 17(6) (c) requires the company to obtain approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per



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cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof. **Effective from April 1, 2019.**

§ The proposed insertion after clause 17(6)(d) requires the company to obtain the approval of the shareholders by special resolution in general meeting in case of fees or compensation payable to executive directors who are promoters or members of the promoter group, if- **[Effective from April 1, 2019]**

(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

(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.

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

Recommendation of Board to be mentioned in the Explanatory Statements

§ The insertion of sub-regulation 11 requires the recommendation of Board to be mentioned in the Explanatory Statement for every special business. **Effective from April 1, 2019**

Amendment made in Listing Regulations

§ *“11. 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 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.”* **Effective from April 1, 2019.**

Institution of Independent Directors;

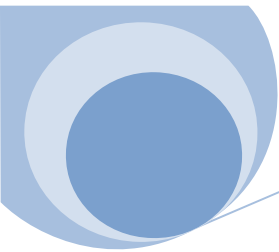
Recommendations accepted (without any modification)

Expanding the eligibility criteria for independent directors

§ The proposed amendment requires the ID not to belong from promoter group as well.

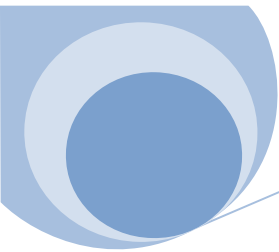
§ Further, the regulation excludes “board interlocks” arising due to common non-independent directors on boards of listed entities i.e. a non-independent director of a company on the board of which any non-independent director of the listed entity is an independent director, cannot be an independent director on the board of the listed entity.

Amendment made in Listing Regulations



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- § *“(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: Provided that in the above evaluation, the directors who are subject to evaluation shall not participate. **Effective from April 1, 2019.***
- § Regulation 16 (1) (b) dealing with definition of independent directors amended by inserting in sub-clause (ii) words for and inserting new sub-clause (viii). **Effective from October 1, 2018.**
- (b) “independent director” means a non-executive director, other than a nominee director of the listed entity:*
- (ii) 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.*
- § Substitution in Regulation 25(1) prohibits a person to be an alternate director for an ID of the listed entity. **Effective from October 1, 2018.**
- § Insertion of new Regulation for declaration of independence: **Effective from April 1, 2019:**
- “(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; submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of 12 regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.”*
- § The BoD of the listed entity is now required to take on record the declaration and confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same. **Effective from April 1, 2019.**
- § The top 500 listed entities are now required to under take 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 BoD. **Effective from October 1, 2018.**



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Board Committees:

Recommendations accepted (without any modification)

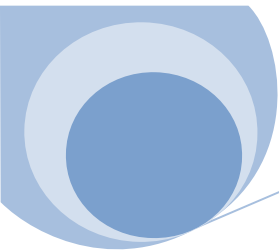
Enhanced role of the Audit Committee, Nomination and Remuneration Committee (NRC) and Risk Management Committee (RMC):

- § Audit Committee to review 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.
- § NRC to recommend to the board all remuneration, in whatever form, payable to senior management;
 - Definition of 'senior management' amended to comprise of 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.
- § RMC should specifically cover cyber security. Applicability of RMC increased from top 100 to top 500.

Amendment made in Listing Regulations

- § Regulation 16 (1) (d) dealing with definition of senior management amended by substituting following: **Effective from April 1, 2019.**

(d) "senior management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the ~~executive directors, including all functional heads~~ chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.
- § Role of Audit Committee has been enhanced to review 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 including existing loans / advances / investments existing as on the date of coming into force of this provision. **Effective from April 1, 2019**
- § NRC is now required to recommend to the board, all remuneration, in whatever form, payable to senior management. **Effective from April 1, 2019**
- § Detailed role of SRC has been inserted. **Effective from April 1, 2019**
- § The requirement of separate posts of chairperson and chief executive officer shall be waived. **Effective from April 1, 2020.**



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Meeting requirements for NRC

Amendment made in Listing Regulations

- § Insertion of the new regulation 19(2A), requires the quorum for a meeting of the NRC to be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. **Effective from April 1, 2019**
- § Insertion of the new regulation 19(3A), mandates the company to hold the NRC Meeting for at least once in a year. **Effective from April 1, 2019**

Meeting requirements for SRC

Amendment made in Listing Regulations

- § Following amendment has been done in Reg 20 (1): **Effective from April 1, 2019**

“The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into the ~~mechanism of redressal of grievances~~ various aspects of interest of shareholders, debenture holders and other security holders.”
- § The new insertion of clause (2A) specifies that at least three directors, with at least one being an independent director, should be members of the Committee. **Effective from April 1, 2019**
- § The Chairperson of the Stakeholders Relationship Committee is now required to be present at the annual general meetings to answer queries of the security holders. Insertion of the new regulation 20(3A), mandates the company to hold the SRC Meeting for at least once in a year. **Effective from April 1, 2019**

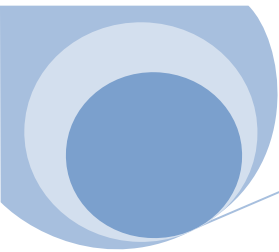
Meeting requirements for RMC

Amendment made in Listing Regulations

- § Insertion of the new regulation 21(3A), mandates the company to hold the Risk Management Committee Meeting for at least once in a year. **Effective from April 1, 2019**
- § The RMC's roles and responsibilities should now also cover cyber security. **Effective from April 1, 2019**
- § The provisions of Regulation 21 will now be applicable on top 500 listed entities. **Effective from April 1, 2019**

Financial Results

Amendment made in Listing Regulations [Effective from April 1, 2019]



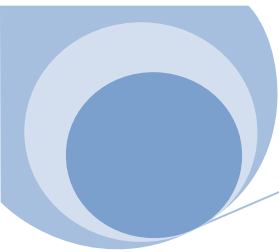
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- § In Regulation 33(3)(b), the word 'may' shall be replaced with the word 'shall'. Therefore, listed entities having subsidiaries will have to submit quarterly/year-to-date consolidated financial results.
- § The option to opt additional submission of quarterly/year-to-date consolidated financial results has been done away with.
- § Insertion in 33(3) (e) provides the entities to submit limited reviewed financials as well.
- § Insertion of following three clauses after 33(3) (f):
- “(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.*
- “(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.*
- “(i) The listed entity shall disclose, in the results for the last quarter in the financial year, by way of a note, the aggregate effect of material adjustments made in the results of that quarter which pertain to earlier periods.”*
- § Insertion in Regulation 33 requires the statutory auditor of a listed entity to 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.

Annual Report

Amendment made in Listing Regulations

- § the existing sub-regulation (1) shall be substituted with the following new sub-regulation, namely, -
- “(1) The listed entity shall submit to the stock exchange and publish on its website-*
- (a) 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;*
- (b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting.*
- The amendment at clause (q) shall be applicable in respect of the Annual report filed for the year ended **March 31, 2019** and thereafter.”*



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Documents & Information to shareholders

Amendment made in Listing Regulations

- § The substitution in Reg.36(1) requires the entity to send the soft copies of full annual report to all those shareholder(s) who have registered their e-mail address either with the listed entity or with any depository. **[Effective from year ended March 31, 2019]**
- § The disclosures made by the listed entity with immediate effect from date of notification of these amendments- **[with immediate effect from date of notification]**
- (a) to the stock exchanges shall be in XBRL format in accordance with the guidelines specified by the stock exchanges from time to time; and
 - (b) to the stock exchanges and on its website, shall be in a format that allows users to find relevant information easily through a searching tool.

However, 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.

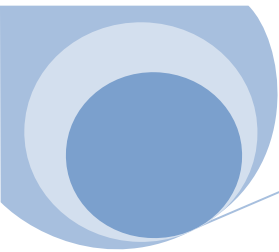
- § The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) is/are proposed to be appointed/re-appointed should include the following disclosures as a part of the explanatory statement to the notice: **Effective from April 1, 2019**
- (a) Proposed fees payable 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;
 - (b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.

Monitoring of group entities;

Recommendations accepted (without any modification)

Enhanced obligations on the listed entities with respect to subsidiaries

- § Definition of material subsidiary
- whose income or net worth exceeds ~~twenty~~ **ten** percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- § ID of the holding entity to be on the board of Indian as well as foreign material subsidiary.
- § Constitution of Governance Committee, where a listed entity has multiple unlisted subsidiaries to improve monitoring of group entities.
- Decision of setting up of such a unit/committee or having such a policy shall lie with the board of directors of the listed entity.



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Amendment made in Listing Regulations

- § Regulation 16 (1) (c) dealing with definition of material subsidiary amended by substituting 'ten' for 'twenty' percent. **Effective from April 1, 2019.**

(c) "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Explanation.- The listed entity shall formulate a policy for determining 'material subsidiary.'

- § The substitution in Reg. 24(1), requires at least one independent director on the board of directors of the listed entity to be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not. Therefore, the foreign cos. Are also covered now. **Effective from April 1, 2019.**
- § Ambiguity in the explanation of 24(4) has been removed: **Effective from April 1, 2019.**
"For the purpose of this regulation, the term "significant transaction or arrangement" 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."
- § Insertion of new Regulation 24 A, requires every listed entity and its material unlisted subsidiaries incorporated in India to undertake secretarial audit and to annex with its annual report, a secretarial audit report, given by a company secretary in practice. **[Effective from the year ended March 31, 2019]**

Related party transactions; Recommendations accepted (without any modification)

Insertion in definition of related party

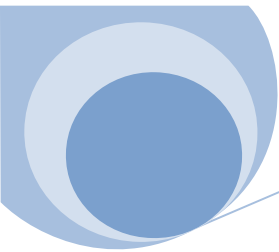
- § that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall also be a related party:

Amendment made in Listing Regulations

- § Regulation 2 (1) (zb) amended to insert the aforesaid as a proviso. **Effective from April 1, 2019.**

Enhanced disclosure of related party transactions (RPTs)

- § Half yearly disclosure of RPTs on a consolidated basis, in the disclosure format required for RPT in the annual accounts as per the accounting standards, on the website of the listed entity within 30 days of publication of the half yearly financial results. Copy of the same to also be submitted to the stock exchanges.



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- § The annual report shall include following:
- 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;
 - contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of Listing Regulations.

Amendment made in Listing Regulations

- The amendment requires the Board to approve the RPT Policy which should include clear threshold limits duly approved by the board of directors and such policy should be reviewed by the board of directors at least once every three years and updated accordingly.
- **Related parties to be permitted to vote against RPTs.**

The amendment in 23(4) removes the restriction on related party to vote in the related matters. However, as per the amended provision no related party shall vote to approve, that means related party can now cast only negative votes. **[Effective from April 1, 2019]**

- Insertion of new sub regulation, for publication of half yearly financial results: **[Effective from the half year ending March 31, 2019]**

“(9) 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 related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.”

Insertion in Part A of Schedule V requires the 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, in the annual report.

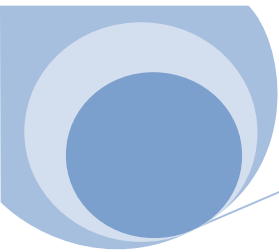
Recommendations accepted (with modification)

Royalty/ Brand payments to related parties

- § Shareholder approval (majority of minority) for Royalty/brand payments to related party exceeding 2% of consolidated turnover (*instead of the proposed 5%*).

Amendment made in Listing Regulations

- Insertion of new Regulation: **[Effective from April 1, 2019]**
“(1A) Notwithstanding the above, 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, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.”



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Disclosures and transparency; Recommendations accepted (without any modification)

- § Disclosure of utilization of funds from QIP/preferential issue undertaken in the relevant financial year, until such funds are fully utilized.

Amendment made in Listing Regulations

- § New insertion in Regulation 32: **[Effective from April 1, 2019]**
“(7A) Where an entity has raised funds through preferential allotment or qualified institutions placement, the listed entity shall disclose every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized.”

Prior intimation to Stock Exchanges

Amendment made in Listing Regulations

- § The requirement of prior intimation to SE for the proposal for declaration of bonus securities where such proposal is communicated to the board of directors of the listed entity as part of the agenda papers, has been done away with. **[Effective from April 1, 2019]**

Accounting and Audit related issues;

Recommendations accepted (without any modification)

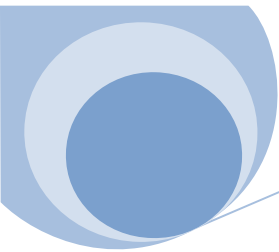
Disclosures of auditor credentials, audit fee, reasons for resignation of auditors, etc to allow shareholders to take an informed decision with the knowledge of a set of minimum information as disclosed in the notice of AGM.

Amendment made in Listing Regulations

- § The following has been inserted as material events: **[Effective from April 1, 2019]**

“(7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, should be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

(7B) Resignation of auditor including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
i. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.
ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.



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iii. The confirmation as provided by the independent director 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.”

With respect to audit qualifications where the impact of the qualification is not Quantifiable

Amendment made in Listing Regulations

“i. The management shall mandatorily make an estimate which the auditor shall review and report accordingly.

ii. Notwithstanding the above, the management may be permitted to not provide estimate on matters like going concerns or sub-judice matters; in which case, the management shall provide the reasons and the auditor shall review the same and report accordingly.”

[Effective from April 1, 2019]

Investor participation in meetings of Listed entities; Recommendation accepted (with modification)

Timeline for holding AGM

§ Top 100 entities to hold AGMs within 5 months after the end of FY 2018-19 i.e. by August 31, 2019.

Amendment made in Listing Regulations

*“The top 100 listed entities by market capitalization, determined as on March 31st 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.”***[Effective from April 1, 2019]**

Webcast of AGM

§ Compulsory for top 100 entities by market capitalization w.e.f. FY 2018-19.

Amendment made in Listing Regulations

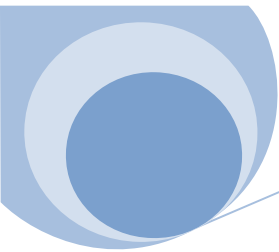
*“ The top 100 listed entities shall provide one-way live webcast of the proceedings of the annual general meetings. Explanation: The top 100 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.”***[Effective from April 1, 2019]**

Website Disclosures

Amendment made in Listing Regulations

§ Entities are now required to maintain separate sections of disclosures in its website.
[Effective from April 1, 2019]

§ Insertion of new Regulation after 46(2)(q):



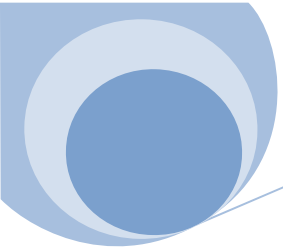
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“(r) With effect from October 1, 2018, all credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings. (s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year.”

Additional disclosure in Management Discussion and Analysis and CG Report [Effective from the year ended March 31, 2019]

Amendment made in Listing Regulations

- § Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios have to be provided along with other ratios, in the MDA;
- § Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof has to be provided in MDA.
- § Separate names of the listed entities where the person is a director and the category of directorship has to be provided in the CG Report **w.e.f 31st March, 2019**;
- § Insertion of the following in clauses for disclosure in the CG Report:
 - “(h) A chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:*
 - (i) With effect from the financial year **ending March 31, 2019**, the list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and*
 - (ii) With effect from the financial year **ended March 31, 2020**, the names of directors who have such skills / expertise / competence.*
 - (i) confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.*
 - (j) detailed reasons for the resignation of an independent director 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 provided.”*
- § Further, insertion regarding the disclosure of list of all credit ratings obtained by the entity along with any revisions thereto; details of utilization of funds raised through preferential allotment or qualified institutions placement; non acceptance of any recommendation of any committee of the board which is mandatorily required; total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, is required to be disclosed.



*SEBI strengthens CG norms:
Amends LODR Regulations to implements Kotak Committee recommendations*

Article

- § Requirement of 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 Board/Ministry of Corporate Affairs or any such statutory authority, has also been inserted.

Conclusion

While the amendments will be applicable prospectively, once necessary amendment is made in Listing Regulations, there is lot to plan in the next financial year and implement in order to remain compliant of the Listing Regulations.