



**(LISTING OBLIGATIONS AND
DISCLOSURE REQUIREMENTS)
(SECOND AMENDMENT)
REGULATIONS, 2021**



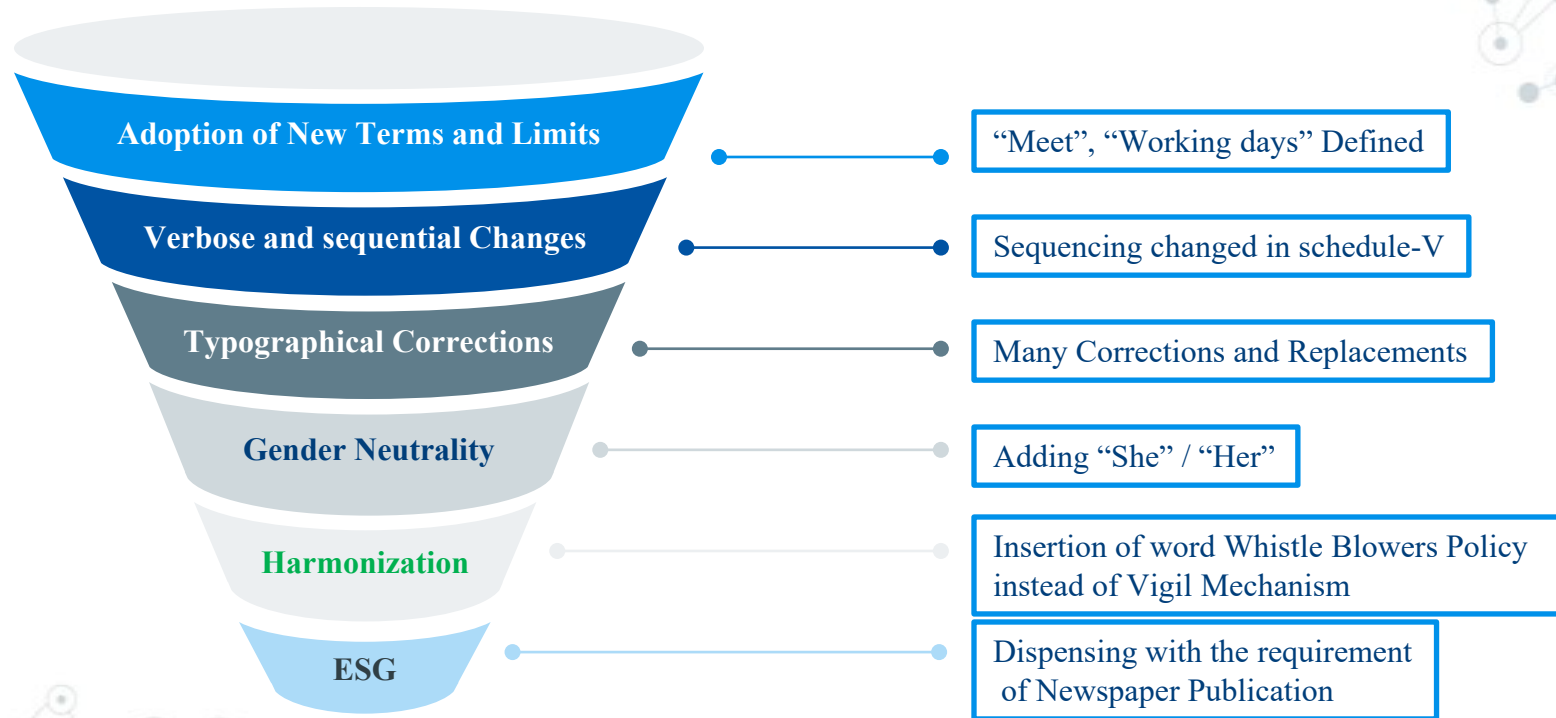
by Hasnain Qaiyumi.



Topics Covered in this Presentation -

- **Regulation – 32** – Statement of deviation(s) or variation(s).
- **Regulation – 33** – Financial results.
- **Regulation – 34** – Annual Report.
- **Regulation – 36** – Documents & Information to shareholders.
- **Regulation – 37** - Draft Scheme of Arrangement & Scheme of Arrangement.
- **Regulation – 40** - Transfer or transmission or transposition of securities.
- **Regulation – 43A** - Dividend Distribution Policy
- **Regulation – 44** - Meetings of shareholders and voting
- **Regulation – 45** - Change in name of the listed entity.
- **Regulation – 46** - Website
- **Regulation – 47** - Advertisements in Newspapers
- **Regulation – 52** - Financial Results
- **Regulation – 94** - Draft Scheme of Arrangement & Scheme of Arrangement
- Consultation Paper by SEBI.

What's Changed?





1.

Regulation – 32 -

Statement of deviation(s) or variation(s).

Earlier Provision

Regulation – 32 (6) Where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue, the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency.

Regulation – 32 (7) Explanation.- For the purpose of this sub-regulation, “monitoring agency” shall mean the monitoring agency specified in regulation 16 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.



Effect of amendment (STRENGTHEN)

Now a time limit of **45 days** has been inserted for submission of any comments or report received from the monitoring agency to the stock exchanges and monitoring agency shall mean the monitoring agency as specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

New Provision

Regulation – 32 (6) Where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue, the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency **within forty-five days from the end of each quarter.**

Explanation. - For the purpose of sub-regulations (6) and (7), monitoring agency shall mean the monitoring agency as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

A decorative network diagram in the top-left corner, consisting of interconnected nodes and lines, rendered in a light gray color.

2.

Regulation – 33 & 52.

Financial results.

Earlier Provision

33 (6) The [Statement on Impact of Audit Qualifications (for audit report with modified opinion and the accompanying annual audit report submitted in terms of clause (d) of sub-regulation (3) shall be reviewed by the stock exchange(s)

52(3)(b) The Statement on Impact of Audit Qualifications (for audit report with modified opinion and the accompanying annual audit report submitted in terms of clause (a) shall be reviewed by the stock exchange(s)



New Provision

Regulation 33(6) and 52(3)(b) are Now omitted.



Effect of amendment (EASE)

No review necessary now by stock exchanges.



New Provision in Schedule (STRENGTHEN)

In case of board meetings held for more than one day, the financial results shall be disclosed by listed entities within 30 minutes of end of the board meeting for the day on which the financial results are considered.



3.

Regulation – 34 –

Annual Report.

Earlier Provision

Regulation 34 (2)(f)

for the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year), business responsibility report describing the initiatives taken by them from an ESG perspective, in the format as specified by the Board from time to time:

Provided that listed entities other than top 1000 listed companies based on market capitalization and listed entities which have listed their specified securities on SME Exchange, may include these business responsibility reports on a voluntary basis in the format as specified.



New Provision

(f) for the top 1000 listed entities based on market capitalization, a business responsibility report describing the initiatives taken by the listed entity from an ESG perspective, in the format as specified by the Board from time to time:

Provided that the requirement of submitting a business responsibility report shall be discontinued after the financial year 2021–22 and thereafter, with effect from the financial year 2022–23, the top 1000 listed entities based on market capitalization shall submit a business responsibility and sustainability report in the format as specified by the Board from time to time:

Provided further that even during the financial year 2021–22, the top one thousand listed entities may voluntarily submit a business responsibility and sustainability report in place of the mandatory business responsibility report:

Provided further that the remaining listed entities including the entities which have listed their specified securities on the SME Exchange, may voluntarily submit such reports.

Explanation: For the purpose of this clause, market capitalization shall be calculated as on the 31st day of March of every financial year.



Effect of Change. (STRENGTHEN) (HARMONISATION)

- Reg. 34(2)(f) required top 1000 listed by market capitalization to submit a business responsibility report. This requirement will be discontinued after FY 2021-22.
- From FY 2022-23 i.e. for the annual report pertaining to FY 2022-23 the entities shall submit a Business Responsibility and Sustainability Report describing quantitative and standardized disclosures on ESG parameters
- BRSR can be submitted by the entities on voluntary basis for FY 2021-22.
- Top 1000 listed entities can submit BRSR in place of the mandatory business responsibility report during financial year 2021-22.
- The remaining listed entities including the entities which have listed their specified securities on the SME Exchange may voluntarily submit BRSR.

- New Report shall be called the Business responsibility and Sustainability report(BRSR) – to replace BRR.
- Emphasis on quantifiable metrics – easy to compare across different companies & Sectors
- Social and Climatic aspects – granular disclosure required
- Comply or explain model – Essential & Non-essential aspects
- Inter-operability of reporting – international reporting – Integrated reporting

A decorative network diagram in the top-left corner, consisting of interconnected nodes and lines, rendered in a light gray color.

4.

Regulation – 36 -

Documents & Information to
shareholders.

Earlier Provision

As per Regulation 36(3)(e) In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with shareholding of non-executive directors.



New Provision

*As per Regulation 36(3)(e) In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with shareholding of non-executive directors **in the listed entity, including shareholding as a beneficial owner.***



Effect of amendment **(STRENGTHEN)**

Now shareholders must be provided with the details of beneficial ownership of non-executive directors in the listed entity, before their appointment/re-appointment.



5.

Regulation – 37 & 94-

Draft Scheme of Arrangement &
Scheme of Arrangement.

Earlier Provision

Earlier the entities had to obtain the Observation Letter or No-objection letter, before filing such scheme of arrangement with any Court or Tribunal

Under Regulation – 94 (2),(3) and (4), the words Objection Letter and Observation Letter were used.



New Provision

Now the words Objection Letter and Observation Letter are omitted.

Hence, No-objection letter is required and Observation Letter has now been removed.



Effect of amendment (EASE)

Now a mandatory No-objection letter is required in other words the concept of Observation Letter has now been removed, this was in light of the amendments carried out vide SEBI circular dated November 3, 2020, stock exchanges are now required to provide the ‘No-Objection’ letter to SEBI on the draft scheme; in co-ordination with each other.

SEBI made certain amendments in Circular dated March 10, 2017 i.e. Framework for Schemes of Arrangement by listed entities and relaxation under Rule 19(7) of the Securities Contracts (Regulation) Rules, 1957 as provided in the Annexure to this Circular, to streamline the processing of draft schemes filed with the stock exchanges.



6.

Regulation – 40(9) -

Transfer or transmission or transposition of securities.

Earlier Provision

(9) *The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary **within one month of the end of each half of the financial year**, certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies*



New Provision

(9) The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces **a certificate from a practicing company secretary within 30 days from the end of the financial year**, 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



Effect of amendment (EASE)

Now STA, has to submit a certificate from PCS within 30 days from end of financial year, and on annual basis, the requirement of doing this half yearly has been removed.

Further *the same is in alignment with Regulation 39(2) as the number of shareholders holding physical shares is less.*



7.

Regulation – 43A -

Dividend Distribution Policy.

Earlier Provision

*43A (1) The **top 500 hundred listed entities** based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.*



New Provision

43A (1) The **top 1000 listed entities** based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed *on the website of the listed entity and a web-link shall also be provided in their annual reports*



Effect of amendment (STRENGTHEN)

Now 1000 listed entities shall formulate a dividend distribution policy and instead of *annual reports this has to be disclosed on the website and a web-link shall also be provided in their annual reports, further, with the expanded scope, the shareholders will have a clue on what would be the policy of the listed companies on distribution of dividends as regards being conservative or aggressive.*

Earlier Provision

(3) *The listed entities other than top five hundred listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis **in their annual reports and on their websites.***



New Provision

(3) The listed entities other than those specified at sub-regulation (1) of this regulation may disclose their dividend distribution policies on a voluntary basis on their websites and **provide a Web-link in their annual reports.**



Effect of amendment (EASE)

Entities other than top 1000 listed entities can voluntarily disclose their dividend distribution policies on their websites and provide a Web-link in their annual reports.



8.

Regulation – 44 –

Meetings of shareholders and voting

Earlier Provision

44(3) *The listed entity shall submit to the stock exchange, **within 48 hours** of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.*



New Provision

44(3) The listed entity shall submit to the stock exchange, *within 2 working days* of conclusion of its General Meeting, details regarding the voting results in the format specified by the Board.



Effect of amendment (EASE)

48 hours , now clarified as 2 full working days, The voting results of general meeting to be disclosed to the stock exchange within 2 working days instead of 48 hours of the conclusion of general meeting.

A decorative network diagram in the top-left corner, consisting of interconnected nodes and lines, rendered in a light gray color.

9.

Regulation – 45 -

Change in name of the listed entity

Earlier Provision

45 (3) *On receipt of confirmation regarding name availability from Registrar of Companies, before filing the request for change of name with the Registrar of Companies in terms of provisions laid down in Companies Act, 2013 and rules made there under, the listed entity shall seek approval from Stock Exchange by submitting a certificate from chartered accountant stating compliance with conditions at sub-regulation (1).*



New Provision

45(3) Upon compliance with the conditions for change of name laid down in Companies Act, 2013 and rules made there under, the listed entity, in the explanatory statement to the notice seeking shareholders' approval for change in name, shall include a certificate from a practicing chartered accountant stating compliance with conditions provided in sub-regulation (1).



Effect of amendment (EASE)

The requirement to obtain approval of stock exchange for changing of name of listed entity, has been deleted. Now, the listed entity, is required to include a certificate from a practicing chartered accountant stating compliance with prescribed conditions in the explanatory statement to the notice seeking shareholders' approval for change in name.

A decorative network diagram in the top-left corner, consisting of interconnected nodes and lines, rendered in a light gray color.

10.

Regulation – 46 –

Website

Earlier Provision

(o) schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange;



New Provision

(o) Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors.

Explanation: For the purpose of this clause meet 'shall mean group meetings or group conference calls conducted physically or through digital means.



*Shri. Keki M. Mistry
(Vice chairman and CEO of HDFC)*



Effect of amendment (STRENGTHEN)

The word 'meet' has been defined as:

Group meetings or group conference calls conducted physically or through digital means

- Schedule of analyst or institutional investors meet and presentation made by the listed entity – to be hosted on website.
- Audi/Video recordings of post earnings/quarterly calls should be hosted on website of listed entity and SE's.

New Provision

(oa) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;

the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

Provided that—

The information under sub-clause (i) shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.

The information under sub-clause (ii) shall be hosted on the website of the listed entity and preserved in accordance with clause (a) of regulation 9.

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.



Effect of amendment (STRENGTHEN)

- Disclosing audio/video recordings of such meetings on the website of the listed entity and exchanges promptly, *before next trading day or within 24 hours*, whichever is earlier.
- The information to be hosted on the website of the listed entity *for a minimum period of 5 years* and thereafter as per the archival policy of the listed entity, as disclosed on its website.
- Written transcripts of such meetings to be provided *within 5 working days*.
- The requirement for disclosure(s) of audio/video recordings and transcript to be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.

New Provision

It is clarified that where a *listed entity has a subsidiary incorporated outside India*:

(a) where such subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, it shall be sufficient if consolidated financial statement of such subsidiary is placed on the website of the listed entity;

(b) where such subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed entity may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website.



Effect of amendment (EASE)

Listed entity shall disseminate separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year,

However if company has listed entity outside India which is statutorily required to prepare FS under the foreign law, then such FS can be placed on the website of listed company is India, ***similar if FS is in any other language a translation of English has to be placed on the website simultaneously.***

New Provision

Listed entities to additionally disseminate the following information under a separate section on its website:

- secretarial compliance report;
- policy for determination of materiality of events or information;
- contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s);
- disclosure of all events and information which have been disclosed to the stock exchanges;
- statements of deviation(s) or variation(s) in utilisation of funds;
- dividend distribution policy;
- annual return.



Effect of amendment (STRENGTHEN)

This additional items should also be placed on the website of the company along with other items as mentioned under Regulation – 46.

A decorative network diagram in the top-left corner, consisting of various sized grey circles connected by thin grey lines, forming a complex web-like structure.

11.

Regulation – 47 -

Advertisements in Newspapers.

Earlier Provision

47(1)(a) - The listed entity shall publish in the newspaper a notice of meeting of the board of directors where financial results shall be discussed and,
47(1)(c) - The listed entity shall publish the in the newspaper statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in directors report in annual report;



Effect of amendment (EASE)

Now the requirement of publishing notice of Board meeting where financial results are to be discussed and for quarterly statement on deviation or variation in use of funds, has been dispensed with. Henceforth, Reduces additional burden of sending separate advertisement

New Provision

Both 47(1)(a) and 47(1)(c), Now omitted.

Schedule III In Part A, In Paragraph A , Existing Clause 9 is Substituted

Earlier Provision

Corporate debt restructuring shall be disclosed without any application of the guidelines for materiality



New Provision

Resolution plan/Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:

- (i) **Decision** to initiate resolution of loans/borrowings;
- (ii) Signing of **Inter-Creditors Agreement (ICA)** by **lenders**;
- (iii) **Finalization** of Resolution Plan;
- (iv) **Implementation** of Resolution Plan;
- (v) **Salient features**, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders



Effect of amendment (HARMONISATION)

Harmonisation with RBI Prudential Norms

Conclusion -

Amendments brought now are very crucial & significant in nature.

- Certain provisions are aligned with the Companies Act, 2013
- Overriding powers have been given to LODR Regulations which will require the listed entities formed under special statute to comply with the LODR Regulations in entirety.
- Business people can expect of ease to do business due to uniformity in timelines coupled with relaxation in certain disclosure requirements.
- Also coverage of certain provisions extended to listed companies based on market capitalisation
- Remarkable / greater impact on the corporate governance of listed entities could be expected in future"

Questions and Answers



Thanks !

5th June, 2021



- Hasnain Qaiyumi