

**CHALLENGES IN CORPORATE
GOVERNANCE
UNDER
COMPANIES ACT, 2013
&
SEBI LISTING REGULATIONS, 2015**

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INTRODUCTION

- The term Corporate Governance relates to how corporations, firms, organizations etc. are owned, managed and controlled. This is an issue which has been the subject of much debate in recent years. The general reason for this, of course is that how corporates are managed matters a good deal for their economic performance;
- Corporate Governance essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, lenders/creditors, government and the community at large;
- In other words, it is a system by which companies are directed and supervised for the overall benefit of all the stakeholders. Corporate Governance is carried out by the Board of Directors and their respective committees for the stakeholders' benefit. It is all about balancing individual and societal interests as also, economic and social goals.

BACKGROUND

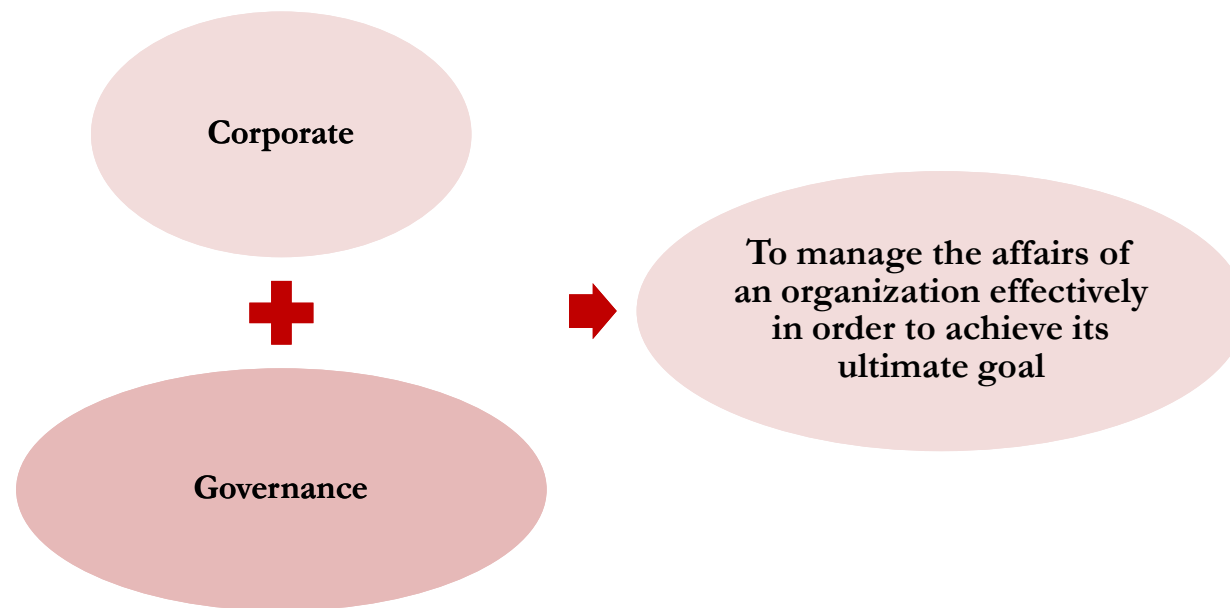
- Concerns about Corporate Governance issues in India were, however, largely triggered by incidents like Harshad Mehta Stock Market Scam of 1992 followed by many incidents of listed companies allotting preferential shares to their promoters at deeply discounted prices and the recent Satyam scam;
- Good Corporate Governance has become a key for avoiding accounting scandals and to mitigate growing concern about the quality of financial statements;

BACKGROUND

- Various measures have been taken globally to improve the effectiveness of Corporate Governance. *For instance*, the Cadbury committee report on Corporate Governance laid down many important parameters in this regard. Similarly the Sarbanes Oxaley Act, 2002 in the US laid down a statutory framework for effective Corporate Governance not only for the US entities but also various group entities across the world.
- Today, in this presentation we are going to capture the Overview of Corporate Governance, its benefits, challenges of Corporate Governance in India, overview of the provisions under the Companies Act, 2013 and SEBI's recent move towards more effective Corporate Governance.

Overview- Corporate Governance

- The word 'Corporate Governance' is a combination of two words i.e. 'Corporate' and 'Governance'. Here Corporate means the Companies/organization and Governance means to manage the affairs effectively. Hence, Corporate Governance means governing the affairs of an organization effectively in order to achieve its ultimate goal.



Overview- Corporate Governance

Definitions of the Corporate Governance: There is no universal definition of Corporate Governance. We have attempted to provide some often used definitions in order to make you understand the meaning of ‘Corporate Governance’:-

- **Robert Ian (Bob) Tricker** (who introduced the words corporate governance for the first time in his book in 1984) defined as , “*Corporate Governance is concerned with the way corporate entities are governed, as distinct from the way business within those companies are managed. Corporate governance addresses the issues facing Board of Directors, such as the interaction with top management and relationships with the owners and others interested in the affairs of the company*”.

- **Noble laureate Milton Friedman** defined Corporate Governance as “*the conduct of business in accordance with shareholders’ desires, which generally is to make as much money as possible, while conforming to the basic rules of the society embodied in law and local customs*”.

Overview- Corporate Governance

- As per **James D. Wolfensohn** (Ninth President World Bank), “*Corporate Governance is about promoting corporate fairness, transparency and accountability*”.
- As per **OECD**, Corporate governance structure specifies the distribution of rights and responsibilities among different participants in the company such as board, management, shareholders and other stakeholders; and spells out the rules and procedures for corporate decision-making. By doing this, it provides the structure through which the company’s objectives are set along with the means of attaining these objectives as well as for monitoring performance.

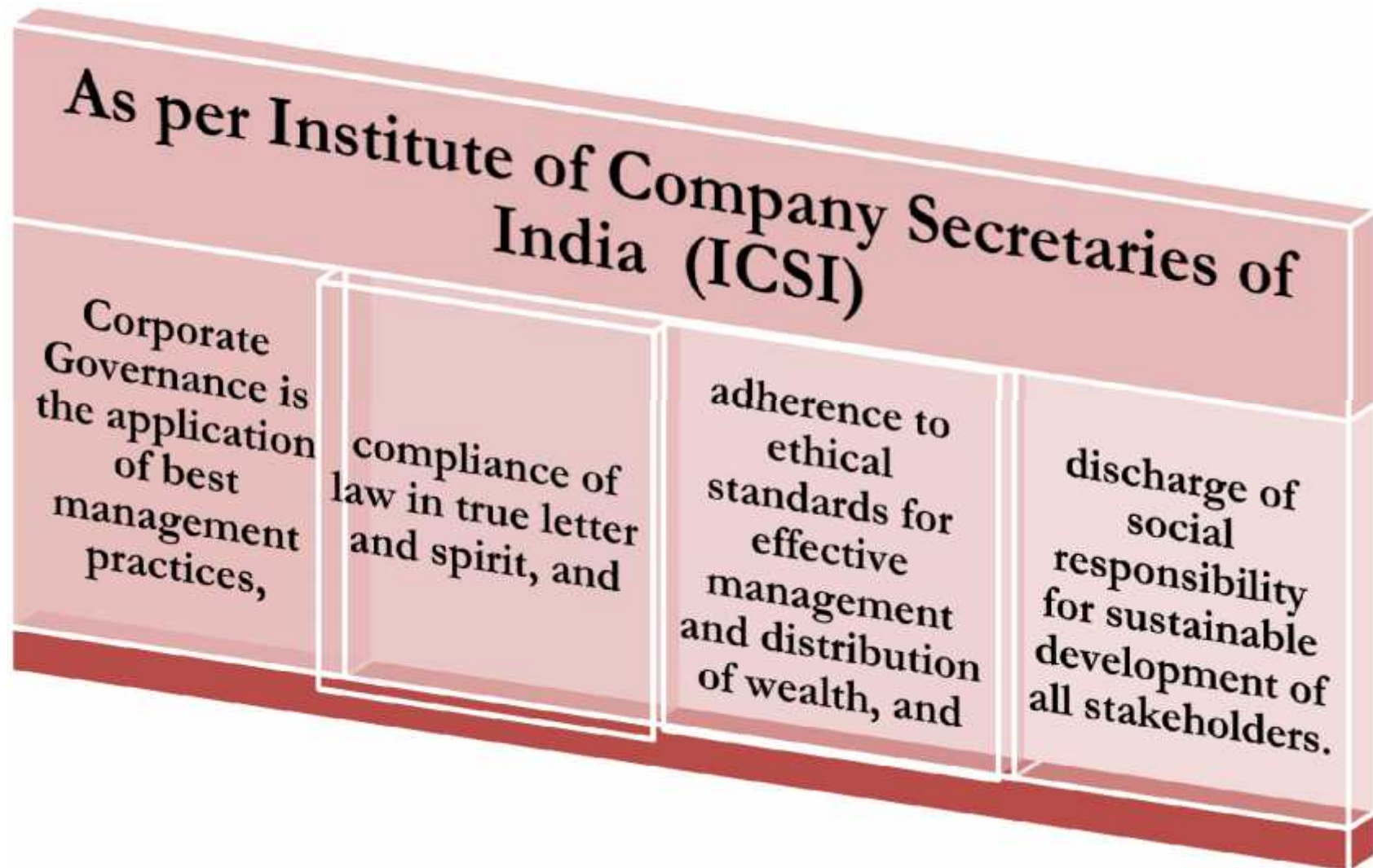
Overview- Corporate Governance

- According to **Confederation of Indian Industry (CII) – Desirable Corporate Governance Code (1998)**, *“Corporate governance deals with laws, procedures, practices and implicit rules that determine a company’s ability to take informed managerial decisions vis-à-vis its claimants - in particular, its shareholders, creditors, customers, the State and employees. There is a global consensus about the objective of ‘good’ corporate governance: maximising long-term shareholder value.”*
- In terms of **Report of Kumar Mangalam Birla Committee on Corporate Governance constituted by SEBI (1999)**, *“Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure.”*

Overview- Corporate Governance

- As per Report of N.R. Narayana Murthy Committee on Corporate Governance constituted by SEBI (2003), *“Corporate Governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company.”*

Overview- Corporate Governance



Overview- Corporate Governance

By referring to the above definitions we can conclude that Corporate Governance is not only about corporate/financial management or corporate social responsibility/business ethics, Corporate Governance is also about ensuring the commitment of the Board to manage the company in a transparent manner for maximizing stakeholders' value. For summarizing the true purport of Corporate Governance, following are its major ingredients:

- (i) Accountability;
- (ii) Fairness;
- (iii) Transparency;
- (iv) Independence

Benefits of Good Corporate Governance

❖ Major benefits of Corporate Governance

- **Enhanced Performance:** helps a company to improve overall performance. Without Corporate Governance, a company tends to be weak and sluggish.
- **Access to Capital:** Good Corporate Governance maintains investors' confidence, as a result of which, the company can raise capital efficiently and effectively
- **Participation of Investors:** A company which follows a good Corporate Governance practice is always transparent with its investors and keeps them updated with the activities of the company from time to time. It helps the Company to get regular support from their investors in all major decisions since the investors have complete faith in the company.

Benefits of Good Corporate Governance

- **Better Standards:** Corporate Governance facilitates many decisions relating to business operations, but one of the most important decisions involve laying down of corporate standards. Standards affect the quality of the products and also the goals that the business has fixed for itself in respect of technology, customer service, and marketing.
- **Better Talent Utilization:** With a strong Corporate Governance structure, people can find positions that utilize their talents more effectively, and the Board of Directors and top leaders of the business are always looking to add more talented people to their numbers.

Benefits of Good Corporate Governance

❖ Other benefits of Corporate Governance:

- ❑ Effective Corporate Governance helps to minimize reputational risks and thus, protecting the brand;
- ❑ Good Corporate Governance also minimizes wastages, corruption, risks and mismanagement;
- ❑ It helps to encourage trust in customers and vendors;
- ❑ It also helps to assure effectiveness and integrity of a company's business processes.
- ❑ Further, in many cases, the punishments, in terms of penalties or imprisonments, for white-collar crimes are now far in excess to even hard core criminal acts such as armed robbery, assault, and negligent murder. Even to avoid such punishments, ensuring Corporate Governance compliance is a must.

Challenges in Corporate Governance in India

- ❑ Dominant shareholder (founding family members own control in their hands);
- ❑ Concerns about business costs;
- ❑ Rapid change in Information Technology;
- ❑ Human Resource challenges;
- ❑ Composition of the board (concerns about shortage of qualified directors);
- ❑ Shareholder lawsuits against directors are costly and therefore rare.

Ways to mitigate Challenges

- ❑ Effective management in the company;
- ❑ Sound process to be followed for appointing Independent Directors;
- ❑ Providing training programs to the newly elected directors;
- ❑ Committees of Board to be more active;
- ❑ Segregation of Chairman's and Managing Director's position;
- ❑ Chairman to be a person of eminence;
- ❑ Involvement of employees and other stakeholders on board;
- ❑ Independent Directors to be rotated periodically.

Key Legal framework for Corporate Governance in India

The Indian statutory framework has, by and large, been in consonance with the international best practices of Corporate Governance. Broadly speaking, the Corporate Governance mechanism for companies in India is enumerated in the following enactments/ regulations/ guidelines/ listing agreement:

- ❑ **Companies Act, 2013;**
- ❑ **Securities Contract (Regulation) Act, 1956;**
- ❑ **Securities and Exchange Board of India (SEBI) Act and Guidelines issued thereunder;**
- ❑ **Standard Listing Agreement of Stock Exchanges (now to be regulated by LODR);**
- ❑ **Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI);**
- ❑ **Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).**

Provisions under the Companies Act, 2013

The Companies Act, 2013 has tried to overhaul the various provisions including with respect to strong Corporate Governance. We have attempted to highlight major changes under the Companies Act, 2013, which in comparison to the 1956 Act provides for better Corporate Governance practices in India:

- ❑ Concept of Independent Directors introduced for the first time in the Companies Act, 2013, [Section 149(10) to (12) read with Schedule IV] (earlier only Clause 49 of the Listing Agreement talked about such requirement);
- ❑ Listed companies and other public companies having paid up share capital of Rs. 100 crores or more or turnover of Rs. 300 crore or more as on the last date of latest audited financial statements required to appoint at least 1 (one) woman Director on their Board; [second proviso to Section 149(1) read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014]
- ❑ A whole-time director is also covered under the definition of "key managerial personnel; [Section 2(51)]

Provisions under the Companies Act, 2013

- ❑ Companies Act, 2013 introduces the requirement of appointing a residential director, i.e. a person who has stayed in India for a total period of not less than 182 (one hundred and eighty two) days in the previous calendar year; **[Section 149(3)]**
- ❑ The auditor is to be rotated after one term (individual)/two term (firm of auditors) of 5 consecutive years period of time, however, ratification at every Annual General Meeting is required; **[Section 139 (2)]**
- ❑ The limit of the number of companies for which a person may be appointed as an auditor is proposed as 20 companies. In case of an audit firm, the limit is applicable to each partner; **[Section 141(g)]**
- ❑ The Act mandates the provisions in respect of CSR activities to be discharged by certain classes of companies; **[Section 135]**

Provisions under the Companies Act, 2013

- Constitution of various committees of Board depending upon the applicability thereof;

Committees of Board under the Companies Act, 2013

Serial Number (1)	Section / Rule (2)	Applicability (3)	Type of Committee (4)	Structure of Committee (5)	Committee's Role (6)
1.	Section 135	<p>Every company having:</p> <ul style="list-style-type: none"> (i) net worth of Rs. 500 crore or more, or (ii) turnover of Rs. 1,000 crore or more, or (iii) a net profit of Rs. 5 crore or more.. <p>..during any financial year</p>	CSR Committee	Consisting of three or more directors, among them at least one shall be an independent director.	(a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

Committees of Board under the Companies Act, 2013

					<p>(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and</p> <p>(c) monitor the Corporate Social Responsibility Policy of the company from time to time.</p>
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Committees of Board under the Companies Act, 2013

2.	Section 177, Read with Rule 6 of Chapter 12 Rules	<p>(i) Every listed company; or</p> <p>(ii) all public companies having a paid up capital of Rs. 10 crore or more; or</p> <p>(iii) all public companies having turnover of Rs. 100 crore or more; or</p> <p>(iv) all public companies having outstanding loans or borrowings or debentures or deposits exceeding Rs. 50 crore or more in aggregate.</p>	Audit Committee	<p>Consisting of a minimum of three directors with independent directors forming a majority.</p> <p>(Majority of members of the Audit Committee including Chairman thereof must have the ability to read and understand the financial statement)</p>	Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, <i>inter alia</i> , include such matters as set out under Section 177 (4), (5), (6).
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Committees of Board under the Companies Act, 2013

3.	Section 178 Read with Rule 6 of Chapter 12 Rules	<p>(i) Every listed company; or</p> <p>(ii) all public companies having a paid up capital of Rs. 10 crore or more; or</p> <p>(iii) all public companies having turnover of Rs. 100 crore or more; or</p> <p>(iv) all public companies having outstanding loans or borrowings or debentures or deposits exceeding Rs. 50 crore or more in aggregate.</p>	Nomination and Remuneration Committee	Consisting of three or more non-executive directors out of which at least one half shall be independent directors...	<p>(a) Identify persons who are qualified to become directors and who may be appointed in senior management;</p> <p>(b) recommend to the Board for appointment and removal of persons in clause (a) above;</p>
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Committees of Board under the Companies Act, 2013

			<p>...(Chairperson of the company, whether Executive or Non-executive, may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee).</p>	<p>(c) carry out evaluation of every director's performance.</p> <p>(d) formulate the criteria for determining qualifications, positive attributes and independence of a director</p> <p>(e) recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees.), (6).</p>
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Committees of Board under the Companies Act, 2013

4.	Section 178	Company which consists of more than 1000 shareholders, debenture- holders, deposit holders and any other security holder during a financial year	Stakeholders Relationship Committee	Consisting of... (i) Chairperson, who shall be a non- executive director of company; (ii) other members, as may be decided by the board.	Considering and resolving the grievances of security holders of the company.
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SEBI's move towards Good Corporate Governance

The Securities and Exchange Board of India (SEBI) in its Board meeting dated November 19, 2014 approved the conversion of existing listing agreements into a single comprehensive regulations for various types of listed entities.

- **The Regulations have been structured by consolidating into one single document across various types of securities listed on SE:**
 - (i) Specified Securities (includes equity and convertibles) -
Listed on Main Board and SME Platform
 - (ii) Non-convertible Debt Securities
 - (iii) Non-Convertible Redeemable Preference Shares (NCRPS)
 - (iv) Indian Depository Receipts
 - (v) Securitised Debt Instruments
 - (vi) Units issued by Mutual Fund Schemes

❑ **Key changes in the form of new provisions in the Listing Regulations include:**

- (i) The overarching principles for making disclosures & obligations.
- (ii) Mandatory filing on Stock Exchanges through electronic platform.
- (iii) Mandatory appointment of Company Secretary as compliance officer except for units of Mutual Funds listed on Stock Exchanges.
- (iv) Introduction of enabling provision for Annual Information Memorandum.
- (v) Mandatory registration in SCORES by all listed entities for redressal of investor grievances.
- (vi) Mandatory co-operation by listed entities with intermediaries registered with SEBI...

- (vii) Converged provisions for specified securities (equity segment) listed on Main Board and SME Platform with necessary carve-outs for SMEs.
- (viii) Applicability of certain equity segment provisions, such as, submission of Form B (audit reports containing modified opinion), transfer and transmission of securities, etc. to entities which have listed their Debt Securities and/or NCRPS.
- (ix) Necessity to execute a shortened version of Listing Agreement (about two pages only) within six months of notification of these regulations.

- ❑ **Other changes:** In addition to the above, a number of changes which are in the nature of either providing clarity or maintaining consistency or removal of redundancies have been carried out in the Listing Regulations. Such changes include-
- (i) removal of dichotomy regarding utilization of issue proceeds,
 - (ii) manner of dealing with unclaimed shares,
 - (iii) aligning connected provisions pertaining to disclosures on website and issuing advertisements,
 - (iv) disclosures in Annual Report,
 - (v) documents and information to be provided to holders of securities,
 - (vi) terms and structure of securities, and
 - (vii) operational modalities in manner of review of audit reports with modified opinion, etc.

Notification issued by SEBI
on September 02, 2015 and
key features thereof :

After following the outcome of its board meeting dated November 19, 2014, SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on September 02, 2015.

The Listing Regulations was to come into force on the 90th day from date of publication in the official gazette i.e. December 01, 2015.

- **However, two provisions of the regulations, which are facilitating in nature, have been made applicable with immediate effect. These pertain to...**
 - (i) **Passing of ordinary resolution instead of special resolution in case of all material related party transactions subject to related parties abstaining from voting on such resolutions, in line with the provisions of the Companies Act, 2013, and [Regulation 23(4)]**
 - (ii) **Re-classification of promoters as public shareholders under various circumstances [Regulation 31A].**

Structure of Listing Regulations

The Listing Regulations contain 12 Chapters and 10 Schedules. The common obligations applicable to all listed entities have been enumerated at the beginning of the Listing Regulations; however, obligations which are applicable to specific type of securities have been laid down under separate chapters.

The classification of Chapters and Key Features thereof are summarised as follows:

Chapter No. and name	Provisions covered
I. PRELIMINARY AND DEFINITIONS (Regulation 1 to 3)	This Chapter covers the applicability and various definitions.

Structure of Listing Regulations

II. PRINCIPLES GOVERNING DISCLOSURES AND OBLIGATIONS OF LISTED ENTITY (Regulation 4)

This Chapter prescribes the general set of principles for governing the disclosures and obligations of all types of listed entities which are summarized as under:

- Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure;
- To implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholder;
- To ensure that the annual audit is conducted by an independent, competent and qualified auditor;
To provide adequate, accurate, sufficient, timely & cost efficient access of information to the investors;

Structure of Listing Regulations

	<ul style="list-style-type: none">• To make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders;• Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investor to track the performance over regular intervals of time and shall provide sufficient information to enable investors to assess the current status;
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Structure of Listing Regulations

The listed entity which has listed its specified Securities in addition to the general principles need to comply with Corporate Governance provisions, so as to achieve the objectives of the principles mentioned below:

- The Rights of Shareholders;
- Timely Information;
- Equitable Treatment;
- Role of Stakeholders in Corporate Governance;
- Disclosure and Transparency;
- Responsibilities of Board of Directors

Note: In case of any ambiguity or inconsistency between the principles and the relevant regulation, the principle given shall prevail.

Structure of Listing Regulations

<p>III. COMMON OBLIGATIONS OF LISTED ENTITIES (Regulation 5 to 14)</p>	<p>Obligations which are common to all listed entities have been enumerated. These include general obligation of compliance of listed entity, appointment of common compliance officer, filings on electronic platform, mandatory registration on SEBI Complaints Redress System (SCORES), etc.</p> <p><i>Salient features are discussed below:</i></p> <ul style="list-style-type: none">• The listed entity shall ensure that KMPs, Directors, Promoters or any other person dealing with the listed entity, complies with responsibilities or obligations, if any, assigned to them under these regulations (Regulation 5);
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Structure of Listing Regulations

	<ul style="list-style-type: none">• Requirement to appoint Qualified CS as Compliance Officer (CO) (Regulation 6) and he shall be responsible for-<ul style="list-style-type: none">✓ ensuring compliance with applicable laws in letter and spirit, monitoring grievance redressal;✓ Coordinate with SEBI, SEs & Depositories;✓ Ensure process/procedures have been followed that would result in correctness, authenticity and comprehensiveness of the information, statements and reports filed with SEs;
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Structure of Listing Regulations

- The listed entity shall ensure that all activities in relation to both physical and electronic share transfer facility are maintained either in-house or by Registrar to an issue and share transfer agent registered with the Board [**Regulation 7(2)**];
- The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent, wherever applicable, within one month of the end of each half of the financial year, certifying compliance regarding maintenance of activity of transfer facility [**Regulation 7(3)**]

Structure of Listing Regulations

	<ul style="list-style-type: none">• Mandatory registration with SCORES and other electronic platforms or systems of SEBI as shall be mandated from time to time [Regulation 13(2)];• Quarterly submission of Investor complaint status report within 21 days of end of quarter to recognised Stock Exchange [Regulation 13(3)];• Place the report(s) [investor complaint report] before the Board of Directors [Regulation 13(4)]
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Structure of Listing Regulations

**CHAPTER IV
OBLIGATIONS OF
LISTED ENTITY
WHICH HAS LISTED ITS
SPECIFIED SECURITIES
(Regulation 15 to 48)
Please refer Regulation
2(1)(zl) which defines
'specified securities' means
'equity shares' and
'convertible securities' as
defined under clause (zj) of
sub-regulation (1) of
regulation 2 of the
Securities and Exchange
Board of India (Issue of
Capital and Disclosure
Requirements)
Regulations, 2009**

Salient Features:

- Material Subsidiary definition includes all subsidiaries which are material **(Regulation 16)**;
- Reduction in days of Intimation of Board Meeting (BM) for consideration of Financial results to 5 days from 7 days **(Regulation 29)**;
- Disclosure of events or information **(Regulation 30)**;
- Annual Report to be submitted to Stock Exchange within 21 working days of its adoption at Annual General Meeting (AGM) **[Regulation 34(1)]**;
- The listed entity shall send annual report to the holder of securities, no less than twenty-one days before the annual general meeting **[Regulation 36(2)]**

Structure of Listing Regulations

	<ul style="list-style-type: none">• The listed entity shall send annual report to the holder of securities, no less than twenty-one days before the annual general meeting; [Regulation 36(2)]
<p>CHAPTER V OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS NON-CONVERTIBLE DEBT SECURITIES OR NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES OR BOTH (Regulation 49 to 62)</p>	<ul style="list-style-type: none">• Specific obligations have been prescribed for the respective securities

Structure of Listing Regulations

<p>CHAPTER VI OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS SPECIFIED SECURITIES AND EITHER NON- CONVERTIBLE DEBT SECURITIES OR NON- CONVERTIBLE REDEEMABLE PREFERENCE SHARES OR BOTH (Regulation 63 to 64)</p>	<ul style="list-style-type: none">• Specific obligations have been prescribed for the respective securities
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Structure of Listing Regulations

<p>CHAPTER VII OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS INDIAN DEPOSITORY RECEIPTS (Regulation 65 to 80)</p>	<ul style="list-style-type: none">• Specific obligations have been prescribed for the respective securities
<p>CHAPTER VIII OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS SECURITIES DEBT INSTRUMENTS (Regulation 81 to 87)</p>	<ul style="list-style-type: none">• The listed entity shall comply with the corporate governance provisions as applicable in its home country and other jurisdictions in which its equity shares are listed.• The listed entity shall submit to stock exchange a comparative analysis of the corporate governance provisions that are applicable in its home country and in other jurisdictions in which its equity shares are listed along with the compliance of the same.

Structure of Listing Regulations

<p>CHAPTER IX OBLIGATIONS OF LISTED ENTITY WHICH HAS LISTED ITS MUTUAL FUND UNITS (Regulation 88 to 91)</p>	<ul style="list-style-type: none">• Specific obligations have been prescribed for the mutual funds
<p>CHAPTER X DUTIES AND OBLIGATIONS OF THE RECOGNISED STOCK EXCHANGE(S) (Regulation 92 to 97)</p>	<ul style="list-style-type: none">• Dissemination of all the filings submitted by the listed entity immediately;• Monitoring of compliance and adequacy / accuracy of the disclosures filed by listed entity with provisions of these regulations;• Action by Exchange in case of Default by listed entity;

Structure of Listing Regulations

CHAPTER XI PROCEDURE FOR ACTION IN CASE OF DEFAULT (Regulation 98 to 99)	<ul style="list-style-type: none">• It provides for procedure for action against contravention of the Act, rules or the regulations
CHAPTER XII MISCELLANEOUS (Regulation 100 to 103)	<ul style="list-style-type: none">• It provides powers to remove difficulties and to manage strict enforcement of the regulations

Segregation of LODR Regulations

- **The Listing Regulations have been sub-divided into three parts *viz...***
 - (i) substantive provisions incorporated in the main body of Regulations;
 - (ii) procedural requirements in the form of Schedules to the Regulations; and
 - (iii) various formats/forms of disclosures being/to be prescribed by SEBI through circular(s).

Segregation of LODR Regulations

□ **Other Key Features of LODR Regulations:**

- (i) **Ease of Reference:** The related provisions have been aligned and provided at a common place for ease of reference. For example, all clauses dealing with disclosure of events or information which may be material or price sensitive spread across the Listing Agreement have been provided as a schedule to the regulations. All disclosures required to be made on the website of the listed entity have been enumerated at a single place for ease of reference and all requirements pertaining to disclosures in annual report have been combined.

- (ii) **Streamlining and segregation of initial issuance/listing obligations:** In order to ensure that there is no overlapping or confusion on the applicability of these regulations, pre-listing requirements have been incorporated in respective regulations viz. Issue of Capital & Disclosure (ICDR) Regulations, Issue and Listing of Debt Securities (ILDS) Regulations, etc. These provisions pertain to allotment of securities, refund and payment of interest, 1% Security Deposit (in case of public issue), etc. Post-listing requirements have been incorporated in the Listing Regulations.

Segregation of LODR Regulations

- (iii) Alignment with provisions of Companies Act, 2013:** Wherever necessary, the provisions in Listing Regulations have been aligned with those of the Companies Act, 2013.

- (iv) Listing Agreement:** A shortened version of the Listing Agreement (2 pages approximately) has been prescribed which will be required to be signed by a company getting its securities listed on Stock Exchanges. Existing listed entities will be required to sign the shortened version within six months of the notification of the regulations.

Committee of Board under the SEBI Listing Regulations

As per regulation 4(2)(f)(iii)(11), when committees of the board of directors are established, their mandate composition and working procedures shall be well defined and disclosed by the board of directors. Important committees of board of directors under the SEBI Listing Regulations are as under:

Serial Number (1)	Relevant Regulation No. (2)	Type of Committee (3)
1.	Regulation 18	Audit Committee
2.	Regulation 19	Nomination and remuneration committee
3.	Regulation 20	Stakeholders Relationship Committee
4.	Regulation 21	Risk Management Committee

Various policies to be formulated under the SEBI Listing Regulations

Serial Number (1)	Relevant Regulation No. (2)	Name of the policy (3)
1.	Regulation 9	Policy for the Preservation of documents
2.	Explanation to Regulation 16(1)(c)	Policy for determining 'material subsidiaries'
3.	Regulation 22	Vigil mechanism/whistle blower-policy
4.	Regulation 23	Policy on dealing with Related party transaction
5.	Regulation 30(4)(ii)	Policy for determination of materiality of events or information

Various policies to be formulated under the SEBI Listing Regulations

Serial Number (1)	Relevant Regulation No. (2)	Name of the policy (3)
6.	Schedule – II Part – D (A) (1)	Policy relating to remuneration of Directors, KMPs and other employees
7.	Schedule – II Part – D (A) (3)	Board Diversity Policy
8.	Regulation 17(5)(a)	Code of conduct for all members of Board of Directors

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
September, 2015			
1.	SEBI Notification No. SEBI/LAD-NRO/GN/2015-16/013	2nd September, 2015	SEBI notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
2.	SEBI Circular No. - CIR/CFD/CMD/4/2015	9th September, 2015	Continuous Disclosure Requirements for Listed Entities - Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
September, 2015			
3.	SEBI Circular No. - CIR/CFD/CMD/ 5 /2015	24th September, 2015	Format for Compliance Report on Corporate Governance to be submitted to Stock Exchange (s) by Listed Entities
October, 2015			
4.	SEBI Circular No. - CIR/CFD/CMD/6/2015	13th October , 2015	Format of uniform Listing Agreement

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
November, 2015			
5.	SEBI Circular No. - CIR/CFD/CMD/8/2015	4th November, 2015	Format for Voting Results
6.	SEBI Circular No. - CIR/CFD/CMD/9/2015	4th November, 2015	Format for quarterly holding pattern, disclosure norms for corporate governance report and manner for compliance with two-way fungibility of Indian Depository Receipts (IDRs)
7.	SEBI Circular No. - CIR/CFD/CMD/10/2015	4th November, 2015	Format for Business Responsibility Report (BRR)

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
8.	SEBI Circular No. - CIR/IMD/DF1/ 10 /2015	27th November, 2015	Format for statements / reports to be submitted to Stock Exchange (s) by listed entity which has listed its securitised debt instruments
9.	SEBI Circular No. - CIR/IMD/DF1/9 /2015	27th November, 2015	Format for financial results for listed entities which have listed their debt securities and/or non-cumulative redeemable preference shares

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
10.	SEBI Circular No. - CIR/CFD/CMD/12/2015	30th November, 2015	Consequences of non-compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Standard Operating Procedure for suspension and revocation of trading of specified securities
11.	SEBI Circular No. - CIR/CFD/CMD/13/2015	30th November, 2015	Disclosure of holding of specified securities and Holding of specified securities in dematerialized form

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
12.	SEBI Circular No. - CIR/CFD/CMD/14/2015	30th November, 2015	Manner of achieving minimum public shareholding
13.	SEBI Circular No. - CIR/CFD/CMD/15/2015	30th November, 2015	Formats for publishing financial results
14.	SEBI Circular No. - CIR/CFD/CMD/16/2015	30th November, 2015	Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957

Circulars and formats issued under the Listing Regulations till date

S. NO.	CIRCULAR/ NOTIFICATION NO.	DATED	SUBJECT MATTER
15.	SEBI Circular No. - CIR/OIAE/001/2015	30th November, 2015	Issue of No Objection Certificate for release of 1% of issue amount

Quick actions to be taken after enforcing the regulations and challenges of the corporate professionals

- ❑ Prepare and get the Policy relating to “Preservation of Documents and Policy for Determining Materiality” duly approved by Board of Directors.
- ❑ The “Archival Policy” to be in place and published on website of the Company.

Quick actions to be taken after enforcing the regulations and challenges of the corporate professionals

- ❑ a qualified Company Secretary was to be appointed as “Compliance Officer” by November 30, 2015 duly approved by Board of Directors.

(Note: The said Compliance Officer need not be the Company Secretary of Listed Entity appointed under Companies Act, 2013)

Quick actions to be taken after enforcing the regulations and challenges of the corporate professionals

- ❑ Get the 'Uniform Listing Agreement' duly approved by the Board of Directors executed with Stock Exchanges though the time limit is within six months from the date of Notification of the Regulations.
- ❑ Ensure that a functional Website and relevant information as required under the Listing Regulations have been uploaded and ensure updated information on the Website all time incase of any changes pertaining to the same.

Quick actions to be taken after enforcing the regulations and challenges of the corporate professionals

- ❑ An event based/time based checklist of the compliances under Listing Regulations is recommended to be formulated.
- ❑ Keep the list of events which are deemed to be material and events on which test of materiality to be applied as provided in Schedule III of Listing Regulations available and handy all the time so that no event is missed out to be disclosed.

Conclusion

- SEBI through these Listing Regulations has consolidated the different Listing Agreements at one place which became effective w.e.f December 01, 2015. However, its effectiveness in true sense would largely depend upon the Regulator and the respective Stakeholders who are part of the ecosystem.

- ❑ The Companies Act as well as Listing regulations both are new statutes and have strict compliance provisions for which huge penal provisions have been provided (sometimes running into Crores of fiscal penalties and also imprisonment).
- ❑ Thus, one thing is clear, Company Secretaries, who are responsible for ensuring the compliances under the said Regulations, would really need to gear up and need to work with dedication and team spirit in order to ensure strict compliance of the provisions.

THANK YOU



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