

Highlights of Amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”)

Regulation 30 of SEBI LODR deals with disclosure of events or information which are material in nature. It includes:

- events or information considered to be material in the opinion of the board of directors of the listed company,
- which are deemed to be material (as specified in Part A of Part A of Schedule III) and
- which become material based on certain criteria/ guidelines for materiality (as specified in Regulation 30(4) read with Para B of Part A of Schedule III).

It was observed by SEBI that many of the listed companies were using the criteria under Regulation 30(4) to avoid disclosure of events or information which are otherwise material in nature. In order to strengthen the disclosure mechanism under Regulation 30, SEBI has introduced extensive amendments.

Other major amendments notified under SEBI LODR relate to continuation of directors, vacancy in the office of directors, KMP, Compliance Officer, Business Responsibility and Sustainability Reporting etc. In this note we have covered some of the major amendments notified under LODR. The same is as follows:

I. Amendments relating to Regulation 30

1. Definition of Mainstream media added under Regulation 2

“(ra) “mainstream media” shall include print or electronic mode of the following:

- i. Newspapers registered with the Registrar of Newspapers for India;*
- ii. News channels permitted by Ministry of Information and Broadcasting under Government of India;*
- iii. Content published by the publisher of news and current affairs content as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021; and*
- iv. Newspapers or news channels or news and current affairs content similarly registered or permitted or regulated, as the case may be, in jurisdictions outside India;”*

The above definition has been inserted in light of the new amendment (discussed below) in Regulation 30 which requires top listed entities to confirm, deny or clarify any event which gets reported in mainstream media.

2. Changes under Regulation 30 for disclosure of event or information:

- Criteria for determination of materiality:** criterion linking material events or information to value or the impact, has been added. Value or the impact has been linked to percentages of Turnover, Net Worth and 3 years’ average of absolute value of Profit/Loss. Further, if any continuing event or information becomes material due to these amendments, the disclosure shall be submitted within 30 days of this notification becoming effective.

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ii. **Timelines have been specified for disclosure of material event or information as follows:**

- a. Within 30 minutes from the end of board meeting in which the decision pertaining to the event or information has been taken.
- b. Within 12 hours from the occurrence of event or information if such event or information is emanating from within the listed entity.
- c. Within 24 hours from the occurrence of event or information if such event or information is not emanating from within the listed entity.

However, events falling under Part A of Schedule III shall be disclosed within the timeline specified therein. Further, in case of delay in disclosures, the Listed entity shall provide reasons for such delays in the disclosures.

- iii. **Certain entities to mandatorily deny, clarify or confirm events/information reported in mainstream media:** Top 100 listed entities (w.e.f October 1, 2023) and top 250 listed entities (w.e.f April 1, 2024) shall confirm, deny or clarify any event or information reported in the mainstream media which are not in general nature and are rumours relating to impending material event or information in terms of the regulations. Current stage of reported event or information shall be provided in case the listed entity chooses to confirm such event or information.

3. Major amendments under Part A of Schedule III which specifies events or information which are deemed to be material:

- i. Sale of stake in associate company of listed entity included.
- ii. Resignation letter with detailed reasons from KMP, senior management, Compliance Officer or director other than Independent Director to be disclosed to Stock Exchange within 7 days from date of such resignation.
- iii. Reasons for indisposition or unavailability of MD or CEO for fulfilling the requirements of such role in a regular manner for more than 45 days in any rolling period of 90 days shall be disclosed to the stock exchange.
- iv. Actions initiated or orders passed by regulatory/statutory/enforcement authorities or judicial body against listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary in relation to:
 - a) search or seizure or
 - b) re-opening of accounts under section 130 of the Companies Act, 2013
 - c) investigation under Chapter XIV of the Companies Act, 2013 i.e. relating to inspection, inquiry and investigation
- v. Change in senior management required to be disclosed apart from change in directors, KMP, Auditors and Compliance Officer.

vi. Fraud or default by senior management or subsidiary of listed entity to be disclosed. Further arrest of promoter, KMP, director or senior management of listed entity whether such arrest occurred in India or abroad shall be disclosed.

4. Regulation 30A inserted for disclosure of certain agreements binding on the listed entity

Agreements covered in clause 5A of para A of Part A of Schedule III to which listed entity is not a party but which have impact on the management or control of listed entity or impose any restriction or create any liability upon the listed entity shall be informed to the listed entity within 2 working days of entering into such agreements or signing an agreement to enter such agreement. Listed entity shall disclose it to Stock Exchange and on its website within such timeline as may be specified by SEBI.

II. Other Amendments

1. Extended deadline for compliance of Regulation 16 to 27 by High Value Debt Listed Entities

The deadline for mandatory compliance of Regulation 16 to 27 by High Value Debt Listed Entities extended till March 31, 2024. Until then it will be applicable on a comply or explain basis as per extant provisions.

2. Corporate Governance Compliance Report

Details of cyber security incidents or breaches or loss of data or documents shall also be reported in the quarterly compliance report on corporate governance under Regulation 27.

3. Office of Directors

Approval of shareholders has been mandated under Regulation 17(1D) for continuation of directors serving on the board of listed entity as follows:

i. W.e.f March 01, 2024, approval of shareholders is required for continuation of a director at least once in every 5 years from the date of director's appointment or reappointment. However, for continuation of directors serving on the board as on March 31, 2024, without approval of the shareholders in the last 5 years or more, the same shall be subject to approval of shareholders in the first general meeting to be held after March 31, 2024.

ii. In the following cases the above requirement shall not apply:

a. Whole-Time Director, Managing Director, Manager, Independent Director or a Director retiring pursuant to section 152(6) of the Companies Act, 2013, provided approval required as per any other regulation in LODR or Companies Act, 2013 has been complied with.

b. Director appointed pursuant to the order of a Court or a Tribunal or to a nominee director of the Government on the board of a listed entity, other than a public sector company, or to a nominee director of a financial sector regulator on the board of a listed entity.

c. Director nominated by a financial institution registered with or regulated by the Reserve Bank of India under a lending arrangement in its normal course of business or nominated by a Debenture Trustee registered with the Board under a subscription agreement for the debentures issued by the listed entity.

4. Filling up vacancies

- i. **Compliance Officer-** Any vacancy in the office of Compliance Officer has to be filled by the listed entity not later than 3 months from date of vacancy. Further the listed entity shall not fill such vacancy by appointing a person in interim capacity unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.
- ii. **Office of a director-** To be filled not later than 3 months from the date of vacancy. However, where the vacancy arises due to expiration of term of office, the listed entity shall fill the vacancy not later than such date of expiration. However, the requirement to fill the vacancy as per above provisions shall not apply if the composition of the Board as required under Regulation 17 (1) has been met.
- iii. **Certain KMPs:** Vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager and Chief Financial Officer shall be filled not later than 3 months from the date of vacancy. Further the listed entity shall not fill such vacancy by appointing a person in interim capacity unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

5. Special Rights to Shareholders

Regulation 31B inserted for approval of special rights granted to shareholders. Approval is required by way of special resolution once in every 5 years from the date of grant of such special right.

6. Submission of financial results by newly listed entities

Financial results for the quarter or financial year immediately succeeding the period for which the financial statements have been disclosed in the offer document for the initial public offer shall be submitted within 45 days from end of quarter or 60 days from end of financial year as the case may be or within 21 days from the date of its listing, whichever is later.

7. Business Responsibility and Sustainability Report:

Top 1000 listed entities are required to submit Business Responsibility and Sustainability Report (“**BRSR**”) mandatorily in their annual report as per format that will be specified by SEBI. Further the listed entities shall make disclosures and obtain assurance as per the BRSR Core for their value chain in the manner as may be specified by the SEBI. BRSR Core shall comprise of such key performance indicators as may be specified by SEBI.

The above amendment is effective from June 15, 2023.

8. Website disclosure under Regulation 46:

Schedule of analysts or institutional investors meet to be disclosed on the website at least 2 working days in advance, excluding the date of the intimation and the date of such meet.

9. Intimation relating to status of various payments:

Regulation 57 applicable to issuers having listed non-convertible securities has been substituted. Henceforth the listed entity is required to submit to the Stock Exchange a certificate regarding status of payment of interest or dividend or repayment or redemption of principal of non-convertible securities, within one working day of it becoming due instead of periodic intimations. This amendment is effective from June 15, 2023.



Pursuant to these amendments, the SEBI LODR regulations have become more objective and non- discretionary. It leaves no choice for the listed entities but to be more vigilant and diligent in ensuring transparency and upholding corporate governance.

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