

# GROUP - II

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## TEAM BEAR:

- ❖ POOJA DABHI
- ❖ KRITTIKA SAMPAT
- ❖ POOJA SHETTY
- ❖ MONIKA CHOUDHARY
- ❖ AARTI CHITRODA
- ❖ DEBOLINA BANERJEE



## TEAM BULL:

- ❖ ZEEL BHUTA
- ❖ PRANATI ASGAONKAR
- ❖ SHIKHA VAIDYA
- ❖ KESHMIRA B.
- ❖ ESHMEET THAPAR



# MILESTONE – SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992- 1/1

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1992

The Securities and Exchange Board of India was established on April 12, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.

- ✓ Its main function is to stop fraudulent activities of stock market.
- ✓ Formed: 12 April, 1992• Jurisdiction: Government of India• Headquarters: Mumbai, Maharashtra• Employees: 525 (in 2009)• Website: [www.sebi.gov.in](http://www.sebi.gov.in)
- ✓ Initially SEBI was a non statutory body without any statutory power.

1995 -98

- ✓ However in 1995, the SEBI was given additional statutory power by the Government of India through an amendment to the securities and Exchange Board of India Act 1992.
- ✓ In April, 1998 the SEBI was constituted as the regulator of capital market in India under a resolution of the Government of India



# OFFICIAL WEBSITE OF SEBI

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**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**  
 tended upto June 15, 2014) \*\*\* Information to public of

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Circular on Investments by FPIs in Non-Convertible / Redeemable preference shares or debentures of Indian Companies  
 \* Base Issue Size, Minimum Subscription, Retention of Over-Subscription Limit and further disclosures in the Prospectus for Public Issue of Debt securities"  
 In the matter of Bhanwar Lal Palival  
 S Mobility Limited - Post Buyback Public Advertisement  
 Assets Managed by Portfolio Managers as on May 31, 2014  
 PR - SEBI Issues Consultation Paper on ?Crowdfunding in India?  
 Jun 16, 2014 PR - Order in the matter of Mrs. Reena Bansal

**SAHARA - Format of Application for Refund**

**Investment Trends**

**FII**

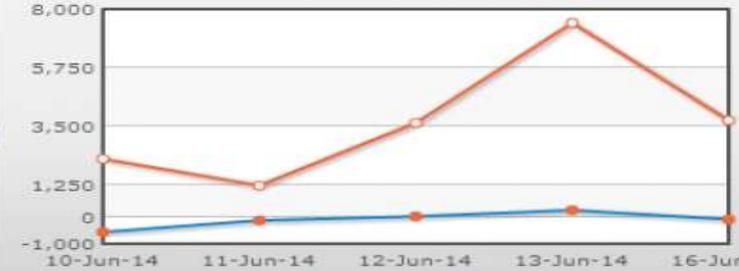
**Net Investment (Rs Cr.)** Monday, June 02, 2014

Equity:	3,085.50	▲
Debt:	894.30	▲

[FII Investment Trends Archive](#)

**Trend Graph**

**Mutual Fund (Rs Crore)**



Date	Equity (Rs Crore)	Debt (Rs Crore)
10-Jun-14	~500	~2,000
11-Jun-14	~500	~1,250
12-Jun-14	~500	~3,500
13-Jun-14	~500	~7,500
16-Jun-14	~500	~3,500

**Investor Complaints**

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**25 YEARS OF EMPOWERING INVESTORS**



# LISTING AGREEMENT

- ✓ India has had a chequered history in terms of using listing requirements as measures of governance, disclosures and other conditions of continued listing.
- ✓ Listing requirements have been enshrined in the listing agreement that is entered into between the issuer company and the stock exchanges on which the issuer's securities are listed .
- ✓ The Issuer shall comply to the guidance/ regulations applicable to listing as bidding inter alia from :
  - Securities Contracts (Regulations) Act 1956
  - Securities Contracts (Regulation) Rules 1957
  - Securities and Exchange Board of India Act 1992
  - And any other circular, clarifications, guidelines issued by the appropriate authority.
  - Companies Act 2013



# **LISTING REGULATIONS- 1/2**

## **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2014**

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- ✓ Section 21 of Securities Contract (Regulation) Act, 1956 (“SCRA”) - thereby making it mandatory for every listed entity in India to comply with the Listing Agreement;
- ✓ Section 11A(2) (as amended in the year 2002) of the SEBI Act- empowers SEBI to specify the requirement for listing and transfer of securities and matters incidental thereto
- ✓ Listing Agreement entered into by listed companies with the stock exchanges prescribes initial and continuous disclosure norms. The modifications to provisions of Listing Agreement are prescribed by SEBI.
- ✓ The initial disclosure norms for companies accessing the capital market in Equity or debt segment are prescribed in detail in various regulations, viz.:
  - SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (“Debt Regulations”)
  - SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations, 2008 (“SDI Regulations”)
  - SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”)
  - SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (“NCRPS Regulations”)



# **LISTING REGULATIONS- 2/2**

## **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2014**

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- ✓ In order to maintain a single document in line with the Listing Agreement and to address the concerns of excessive delegation in the garb of flexibility with respect to certain areas, such as, disclosure requirements and corporate governance norms, SEBI has decided to convert the listing agreement into the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2014 ;
- ✓ The LODR Regulations are intended “to consolidate and streamline the provisions of existing listing agreements thereby ensuring better enforceability”.
- ✓ The LODR Regulations provide much emphasis on disclosure and transparency.
- ✓ There is also a great deal of emphasis on investor redressal. The LODR Regulations also incorporate several other procedural matters that have hitherto been addressed in the listing agreement.
- ✓ One of the key components of the listing agreement is Clause 49 thereof, which encapsulates the corporate governance norms for listing agreement. It has also been substantially modified in the wake of the Companies Act, 2013, with the new version taking effect on and from October 1, 2013.



# MAJOR KEY HIGHLIGHTS - 1/2

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- ✓ Registration with SEBI SCORES;
- ✓ Prior Intimation of the company's fund raising events;
- ✓ Mandatory requirement of e- filing with Stock Exchanges
- ✓ Submission of documents in multiples has been done away with;
- ✓ Ensuring uniformity in timelines for rendering intimations to Exchanges.



# MAJOR KEY HIGHLIGHTS - 2/2

8

- ✓ Separate chapter on Disclosure requirements of listing of units of Mutual Funds;
- ✓ Small and Medium Enterprises (SME) are now under the ambit of the new Listing Regulations;
- ✓ Applicability of specific clauses of new Listing Regulations with respect to issue of Non Convertible Debt Securities and Non Convertible Redeemable Preference Shares – newly incorporated



**BOARD PROCESS**  
**- SEBI(LISTING OBLIGATIONS AND DISCLOSURE  
REQUIREMENTS) REGULATIONS, 2014**



# COMPOSITION OF THE BOARD-1/3

10

Optimum combination of executive & non-executive directors with at least 1 woman director and not less than 50 % of the BOD comprising non-executive directors.

An independent director shall hold office for a term up to 5 consecutive years on the Board and shall be eligible for reappointment for another term of up to 5 consecutive years on passing of a special resolution by the company.

**The BOD shall meet at least 4 times a year, with a maximum time gap of 120 days between any two meetings.**

**The independent directors of the listed entity shall hold at least 1 meeting in a year, without the attendance of non-independent directors and members of management.**



## COMMITTEES OF THE BOARD- 2/3

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Constitution of a **qualified and independent Audit Committee** giving the terms of reference, comprising of minimum three directors as members.

Constitution of a **Nomination and Remuneration Committee**, which shall comprise at least three directors.

Constitution of a **Stakeholders Relationship Committee** to specifically look into the redressal of grievances of shareholders, debenture holders and other security holders under the Chairmanship of a non-executive director and such other members as may be decided by the Board.

Constitution of a **Risk Management Committee**.



## OTHER BOARD REQUIREMENTS- 3/3

12

Establishment of a **whistle blower policy** which shall be a **vigil mechanism** for directors and employees.

Formulation of a policy on materiality of **related party transactions** and also on dealing with Related Party Transactions.

Comply with requirements as specified in **Part D of the Schedule II.**



# **FINANCIAL RESULTS**

**- *SEBI(LISTING OBLIGATIONS AND  
DISCLOSURE REQUIREMENTS)  
REGULATIONS, 2014***



# PREPARATION OF FINANCIAL RESULTS-

1/4

14

Accrual accounting policy and practice.

Applicability of Accounting Standard – 25 or Company (Accounting Standards) Rules, 2006

Submission of Consolidated Financials

Submission of limited review or audit reports to the Stock Exchanges

Disclosure Requirements in accordance with Part A of Schedule IV of the new Listing Regulations



## DISCLOSURE REQUIREMENTS – 2/4

15

Changes with respect to accounting policies.

Variation between unaudited quarterly and year end financial results

Auditor's Qualification and reservations pertaining to the results

Any change in name suggesting a new line of business

Any exceptional and extraordinary items

Disclosure pertaining to dividend distributed or proposed to be distributed



## APPROVAL AND AUTHENTICATION- 3/4

16

Quarterly Financial Results shall be approved by the Board

The results must be signed by the Chairman or Managing Director

Limited Review Report



# SUBMISSION & PUBLICATION OF FINANCIAL RESULTS- 4/4

17

Submission of financial results within 60 days from the end of the financial year

Submission of financial results with respect to its subsidiaries

Submission of Statement of Assets and Liabilities

Publication of financial results within 48 hours from the closure of the meeting



**ANNUAL GENERAL  
MEETING & ANNUAL  
RETURN**

***- SEBI(LISTING OBLIGATIONS AND  
DISCLOSURE REQUIREMENTS) REGULATIONS,  
2014***



# ANNUAL GENERAL MEETING – 1/ 2

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## ❖ E – Voting : Clause 35

- ✓ The Issuer Company has to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at general meetings or through postal ballot;
- ✓ Governed by Companies (Management and Administration) Rules, 2014;
- ✓ For those shareholders who do not have access to e-voting facility, the issuer should enable them to cast their vote in writing on postal ballot as per the rules specified.



## ANNUAL GENERAL MEETING – 2/ 3

20

- ✓ E-voting facility shall be kept open for not less than one day and not more than three days for shareholders to send their assent or dissent;
- ✓ The service of any one of the agencies providing e-voting platform shall be utilized by the issuer company;
- ✓ Internet link of e-voting platform shall be mentioned by the issuer company in the notice of the shareholders;
- ✓ Details regarding the voting results shall be submitted to the stock exchange by the company within 48 hours of conclusion of its General Meeting.



## ANNUAL RETURN- 3 / 3

21

- ✓ The Annual Return of a Listed Company shall be certified by a Company Secretary in practice.
- ✓ The format of the Annual Return shall be governed by the Companies (Management and Administration) Rules, 2014.



**NEW LISTING NORMS  
vs.  
EXISTING LISTING  
NORMS**



# CHANGE OF NAME

23

## LISTING AGREEMENT [Clause 32]

Disclosure of net sale or income or profit/loss for a period of 3 years in the financial statement on change of name by the company.

Submission of Auditors certificate certifying compliance to the conditions as prescribed under the aforesaid clause of Listing Agreement.

The approval of stock exchanges was not mandatory

## LISTING REGULATIONS [Clause 36]

The disclosure of net sale or income or profit/loss in the financial statement is not mandatory on change of name

Submission Auditors certificate certifying the compliance with the conditions as prescribed in the regulations.

Approval from stock exchange for changing its name and such approval to be obtained prior to filing of any request for name change with Registrar of companies.



# ISSUE OF SHARE CERTIFICATES

24

## LISTING AGREEMENT [Clause 3]

Issue share certificate within **one month** of the date of expiration of any right or renunciation.

Issue certificates **within fifteen days** of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.

Issue new certificates in replacement of those which are lost **within six weeks** of notification of loss and receipt of proper indemnity

## LISTING REGULATIONS [Clause 30]

*(Clause 3b, 3c, 3e of Equity and 3b,3c, 3e of SME):*

Issue certificates of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, **as of one month from the date of such lodgment applicable.**



# TRANSFER AND TRANSMISSION OF SHARES

25

## LISTING AGREEMENT [Clause 16]

**Advance 7 working days** notice to Exchange for declaration of dividend or issue of bonus shares or right shares or rights attached to conversion or for further closure of books.

### *In case of derivatives –*

Advance 7 working days notice to Exchange for corporate actions like merger, de-merger, splits & bonus.

Minimum Time Gap between two book closure **should be 30 days.**

## LISTING REGULATIONS [Clause 33]

**(Clause 16,19c of Equity and Clause 18a&b, 20c of SME):**

Intimation to Exchanges where the securities are listed **an advance notice at least 7 working days** (excluding the date of intimation & the record date)

In case of declaration of dividend or cash bonus **at least 5 working days** (excluding the date of intimation & the record date)



# ANNUAL REPORT

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## LISTING AGREEMENT [Clause 31]

Issue Six Copies of Statutory & Directors Annual Report along with Form A or Form B, Balance sheets, profit/Loss A/C, & Special Reports to recognized stock exchanges.

Three copies of Notices, call letters, Circulars incl. notices of Meetings U/S 391/394 with annexure shall also be sent to shareholders, debenture holders, creditors or advertised in press.

## LISTING REGULATIONS [Clause 25]

*Clause 13, 20a, 20b, 22, 25, 27, 29, 30, 31b, 31c, 31d, 33, 36, 53 of equity and Clause 15, 21a, 24, 27, 28, 31, 32, 33b, 33c, 33d, 35, 38 of SME):*

Shall make the minimum disclosures as per Part A of Schedule III of the specified events.

Submission to the Stock Exchange the Annual Report along with form A or form B, as specified in Part A of Schedule V of the Regulations.



# JUDICIAL PRONOUNCEMENTS- 1/4

27

**CASE NAME: Gillette India Limited vs. Securities Exchange Board of India.**

## **FACTS OF THE CASE:**

- ✓ Procter & Gamble India Holdings BV (P&G) is a promoter of Gillette holding 75.9% voting rights;
- ✓ The Poddar group is the Indian promoter with 12.9% voting rights;
- ✓ The total promoter holding is hence in excess of the 75% permitted by the public shareholding norms;
- ✓ Therefore, Gillette's proposal was that the Poddar group would first transfer 4% of its shares to P&G;
- ✓ Thereafter, the Poddar group would be classified as an ordinary public shareholder as it would lose all its rights as a promoter (including by virtue of termination of rights under the shareholders agreement and articles of association).
- ✓ This approach was resisted by SEBI on the ground that this militates against the spirit of the public shareholding norms in that the promoter holding would in fact be increased rather than diluted in this process.

Gillette had filed an appeal against an order of the (SEBI) rejecting Gillette's proposal for compliance with the public shareholding norms. However, SAT dismissed Gillette's appeal in an order that extensively considers the background and rationale for the public shareholding norms in arriving at a decision



## JUDICIAL PRONOUNCEMENTS- 2/4

28

### JUDGEMENT:

The Securities Appellate Tribunal pronounced that the Appellant had inadvertently overlooked the fact that the underlying philosophy behind the requirement of a minimum public holding of 25% is prevention of concentration of shares in the hands of a few market players and clarified its preference for compliance with the minimum public shareholding norms through one of the prescribed methods rather than through more complex methods such as the one proposed in that case.



# JUDICIAL PRONOUNCEMENTS- 3/4

29

**CASE NAME: Satyam Computer Services vs. Securities Exchange Board of India.**

## FACTS OF THE CASE:

- ✓ Satyam Computer Services was a corporate scam that occurred in India in 2009.
- ✓ The Ex-managing Director, Ex- Vice President Finance and Ex- Head (Internal Audit) falsified the books of accounts and misstated the financials of Satyam Computer Services thus portraying a false picture of its published Quarterly or Annual Returns.
- ✓ The Ex- officials of Satyam sued up deals with fictitious clients and introduced over 7000 fake invoices into the computer systems.
- ✓ It reported sales of over INR 5200 crores after years of manipulation. (Year 2008-09); real figures amounted to INR 4100 crores;
- ✓ Issued false certification, made various false announcements and press releases on the misstated financial position of the company;
- ✓ Further a case of insider trading was found trading in the company's stock



# JUDICIAL PRONOUNCEMENTS- 4/4

30

## JUDGEMENT:

SEBI restrained Ex- Officials of the company from assessing the capital markets for a period of 14 years. Further they were required to disgorge the wrongful gains made by them to the extent of nearly INR 1850 crores with an interest at the rate of 12 per cent. Per annum from January, 2009 till the date of payment.



# **CORPORATE GOVERNANCE**

**COMPANIES ACT, 2013**

**vs.**

**NEW LISTING NORMS**



# CORPORATE GOVERNANCE – 1/6

32

## LISTING REGULATIONS

### APPLICABILITY:

Not mandatory for the following companies\*:

- a. Companies with paid up equity share capital not exceeding Rs.10 crores and
- b. Net worth not exceeding Rs. 25 crores.
- c. Companies whose equity share capital is listed exclusively on SME and SME-ITP platforms.

### APPLICABILITY OF WOMEN DIRECTOR [Clause 49 (II)(A)(1)] :

The relevant provisions shall be applicable with effect from 1<sup>st</sup> April, 2015.

## COMPANIES ACT, 2013

### APPLICABILITY:

The Act, 2013 is applicable to all companies incorporated under this Act or under any previous company law.

### APPLICABILITY OF WOMEN DIRECTOR [Second Proviso to section 149(1)]

Existing Companies shall comply within 1 year from the date of commencement of the Act.

\* The threshold amount shall be as it is on the last day of the previous financial year.



# CORPORATE GOVERNANCE – 2/6

33

## LISTING REGULATIONS

### **INDEPENDENT DIRECTOR [Clause 49(II)(B)(1)(c)]:**

The definition provides that - ‘apart from receiving director's remuneration, has or had no *material pecuniary relationship* with the company, its holding, subsidiary or associate company, or their promoters, or directors.....

## COMPANIES ACT, 2013

### **INDEPENDENT DIRECTOR [Section 149(6)(c)]:**

The act provides - who has or had no *pecuniary relationship* with the company, its holding, subsidiary or associate company, or their promoters, or directors.....



# CORPORATE GOVERNANCE – 3/6

34

## LISTING REGULATIONS

### **DISPOSITION OF SHARES[Clause 49(V)(f)]:**

No company shall dispose of shares in its material subsidiary which would reduce its shareholding –

A. (either on its own or together with other subsidiaries) to less than 50% or

B. cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting

*except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.*

## COMPANIES ACT, 2013

No such requirement under the Act.



# CORPORATE GOVERNANCE – 4/6

35

## LISTING REGULATIONS

### **POLICY FOR MATERIAL SUBSIDIARIES[Clause 49(V)(d)]:**

The company shall formulate a policy for determining 'material' subsidiaries and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

## COMPANIES ACT, 2013

No such requirement under the Act.



# CORPORATE GOVERNANCE – 5/6

36

## LISTING REGULATIONS

### **VOTING ON RELATED PARTY TRANSACTIONS [Clause 49(VII)(e)]:**

All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

### **DISCLOSURE OF POLICY ON RPTs ON THE WEBSITE [ Clause 49(VIII)(A)(2)]:**

The policy on dealing with RPTs shall be disclosed on the website of the Company and a web link shall be provided in the Annual Report.

## COMPANIES ACT, 2013

The Ministry by way of its General Circular dated July 17, 2014 clarified that only parties which are related to the contract or arrangement shall abstain from voting on the special resolution.

Nothing in particular has been mentioned.



# CORPORATE GOVERNANCE – 6/6

37

## LISTING REGULATIONS

### **PROHIBITION OF STOCK OPTIONS TO INDEPENDENT DIRECTORS [Clause 49(II)(C) (d) of equity]**

Independent directors shall not be entitled to any stock option.

### **PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD OF DIRECTORS [Clause 49(II)(5)(b), 49(IV)(C), & 49 (VIII)(H)(3) of equity]**

Performance Evaluation criteria for independent directors.

## COMPANIES ACT, 2013

### **PROHIBITION OF STOCK OPTIONS TO INDEPENDENT DIRECTORS [Section 149(9)]**

An Independent directors shall not be entitled to any stock option.

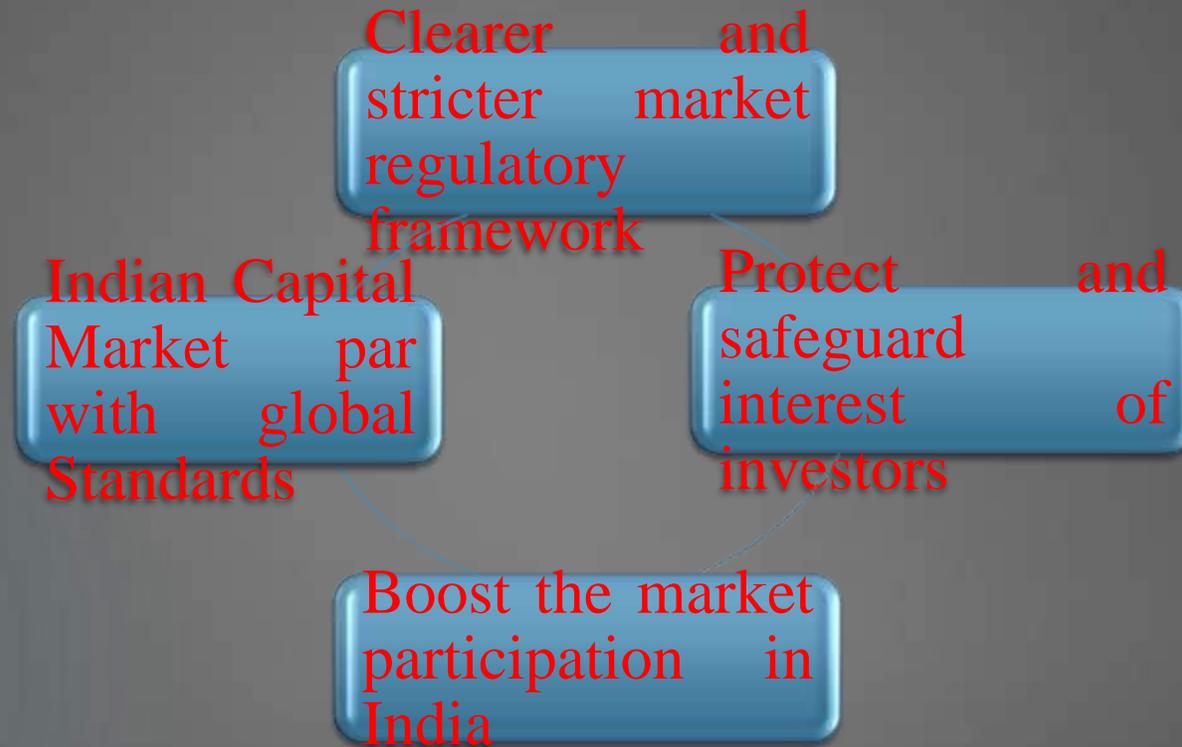
*Subject to the provisions of Sections 197 & 198*

### **PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS AND THE BOD [Schedule IV and Section 134]**

Performance evaluation of Independent Directors and also prescribes annual evaluation of the Board.



# QUICK TAKEAWAYS





**THANK YOU FROM**

