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for

June, 2022 Examination

Corporate Funding and Listings in Stock Exchanges

MODULE 3, PAPER 8

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Students appearing in Examination shall note the following:

Students are also required to update themselves with all the relevant Notifications, Circulars, Clarifications, etc. issued by the SEBI, RBI & Central Government on or before six months prior to the date of the examination.

The students are advised to acquaint themselves with the monthly and Regulatory updates published by the Institute. The Institute has revamped the study material in light of regulatory changes, inclusion of practical aspects viz. case laws, examples, self-test questions, highlighting key concepts and other structural changes. Accordingly, the students are advised to refer the latest study material uploaded on the website of the Institute along with these supplements.

The latest Study material of CFLSE is available at https://www.icsi.edu/media/webmodules/Corporate_Funding_Listing_Stock_Exchanges_08112021.pdf

New SEBI Regulations	Old Regulations which stands Repealed	Effect in study Lesson
SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021	<ul style="list-style-type: none">• SEBI (Issue and Listing of Debt Securities) Regulations, 2008• SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013	Lesson 6 and Lesson 11
SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	<ul style="list-style-type: none">• SEBI (Share Based Employee Benefits) Regulations, 2014• SEBI (Issue of Sweat Equity) Regulations, 2002	Lesson 5
SEBI (Delisting of Equity Shares) Regulations, 2021	<ul style="list-style-type: none">• SEBI (Delisting of Equity Shares) Regulations, 2009	Lesson 11

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LESSON 1 INDIAN EQUITY- PUBLIC FUNDING

(1) **SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021 (August 13, 2021)**

SEBI vide its notification dated August 13, 2021, amended the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, which shall come into force on the date of their publication in the Official Gazette.

The following amendments have been made:

- **Omission: Regulation 2(1)(pp)(iii)(C)**

The amendment is made in the definition of promoter group where the promoter is a body corporate, by omitting the following provision:

C) any body corporate in which a group of individuals or companies or combinations thereof acting in concert, which hold twenty per cent. or more of the equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds twenty per cent. or more of the equity share capital of the issuer and are also acting in concert;

- **Substitution: Regulation 16(1)(a) -- Lock-in of specified securities held by the promoters in case Initial Public Offer**

The words “three years from the date of commencement of commercial production or date of allotment in the initial public offer, whichever is later”, shall be substituted with the words “eighteen months from the date of allotment in the initial public offer”.

The aim of this amendment is to reduce the lock-in period of specified securities held by the promoters from **3 years from the date of commencement of commercial production or date of allotment in the IPO, whichever is later to 18 months from the date of allotment in the IPO.**

- **Insertion: Proviso to Regulation 16(1)(a)**

Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer.

- **Substitution: Regulation 16(1)(b)**

The words “**one year**” shall be substituted with the words “**six months**”.

Promoters’ holding in excess of minimum promoters’ contribution shall be locked-in for a period of **6 months** from the date of allotment in the IPO instead of existing **1 year**.

- **Insertion: Proviso to Regulation 16(1)(b)**

Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer.

- **Substitution: Explanation to Regulation 16(1)**

Explanation: For the purpose of this sub-regulation, “capital expenditure” shall include civil

work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc. The concept of **date of commencement of commercial production** is completely removed from Regulation 16, consequently its meaning is also deleted from the explanation and the meaning of capital expenditure is added.

- **Substitution: Regulation 17 -Lock-in of specified securities held by persons other than the promoters**

The words “one year” shall be substituted with the words “six months”.

The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of 6 months from the date of allotment in the IPO instead of 1 year.

- **Substitution: Proviso to Regulation 17(c)**

The words “one year” shall be substituted with the words “six months”.

Provided that such equity shares shall be locked in for a period of at least **six months** from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

- **Substitution: Regulation 115(a) -Lock-in of specified securities held by the promoters in case Further Public Offer**

The words “three years from the date of commencement of commercial production or from the date of allotment in further public offer, whichever is later;” shall be substituted with the words “**eighteen months from the date of allotment of the further public offer:**”

The aim of this amendment is to reduce the lock-in period of specified securities held by the promoters from **3 years from the date of commencement of commercial production or from the date of allotment in the FPO, whichever is later to 18 months from the date of the allotment of the FPO.**

- **Substitution: Regulation 115(b)**

The words “one year” shall be substituted with the words “six months”.

Promoters’ holding in excess of minimum promoters’ contribution shall be locked-in for a period of **6 months** instead of **1 year**.

- **Substitution: Regulation 117 -Lock-in of party-paid securities**

The words “three years” shall be substituted with the words “**eighteen months**”.

Where the specified securities which are subject to lock-in are partly paid-up and the amount called-up on such specified securities is less than the amount called-up on the specified securities issued to the public, the lock-in shall end only on the expiry of eighteen months after such specified securities have become pari passu with the specified securities issued to the public.

For details:

https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2021_51884.html

(2) **SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2021 (October 26, 2021)**

SEBI vide its notification dated October 26, 2021, amended the provisions of SEBI (Issue of

Capital and Disclosure Requirements) Regulations, 2018, which shall come into force on the date of their publication in the Official Gazette.

Eligibility requirements for an initial public offer

Regulation 6(3) of SEBI (ICDR) Regulations, 2018 provides that if an issuer has issued SR equity shares to its promoters/ founders, the said issuer shall be allowed to do an initial public offer of only ordinary shares for listing on the Main Board subject to compliance of various clauses specified in Regulation 6(3).

Vide this notification, the clause (ii) of Regulation 6(3) has been substituted with the following: -

“(ii) The net worth of the SR shareholder, as determined by a Registered Valuer, shall not be more than Rs. 1000 crore.

Explanation: While determining the individual net worth of the SR shareholder, his investment/ shareholding in other listed companies shall be considered but not that of his shareholding in the issuer company.”

Further clause (v) of Regulation 6(3) has been substituted with the following: -

(v) the SR equity shares have been issued prior to the filing of draft red herring prospectus and held for a period of at least three months prior to the filing of the red herring prospectus.

For details: https://www.sebi.gov.in/legal/regulations/oct-2021/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-fourth-amendment-regulations-2021_53516.html

(3) Non-compliance with certain provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”)

(Circular No. SEBI/HO/CFD/DIL1/P/CIR/2021/0660 dated November 23, 2021)

SEBI issued a circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated August 19, 2019, specifying the fines to be imposed by the Stock Exchanges for non-compliance with certain provisions of SEBI (ICDR) Regulations, 2018. In partial modification of the circular dated August 19, 2019, para 9A is inserted which provides that the Stock Exchanges may deviate from the provisions of the circular, wherever the interest of the investors are not adversely affected, if found necessary, only after recording reasons in writing.

For details: https://www.sebi.gov.in/legal/circulars/nov-2021/non-compliance-with-certain-provisions-of-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018_54130.html

LESSON 2

REAL ESTATE INVESTMENT TRUSTS

1. Continuous disclosures in compliances by REITs –Amendments (June 22, 2021)

The Securities & Exchange Board of India (SEBI) through a circular dated 22nd July, 2021 has issued amendment to Continuous disclosures in compliances by the Real Estate Investment Trusts (REITs). To further enhance the investor protection and to increase transparency in grievance redressal, Para 5.3 of Annexure-B of SEBI Circular No CIR/IMD/DF/127/2016 dated November 29, 2016 which prescribes guidelines for grievance mechanism for REIT has been modified which reads as-

“All complaints including SCORES complaints received by the REIT shall be disclosed in the format mentioned in Annexure- A on the website of the REIT and also filed with the recognized stock exchange(s), where its units are listed within 21 days from the end of financial year or end of quarter, as the case may be.”

For details: https://www.sebi.gov.in/legal/circulars/jul-2021/continuous-disclosures-in-compliances-by-reits-amendments_51305.html

2. Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2021 (July 30, 2021)

- In regulation 14, in sub-regulation (14), the word “amount” shall be inserted after the word “subscription”, and the words and symbols “and/or public offer shall be fifty thousand” shall be substituted with the words and symbols “and follow-on offer shall fall in the range of ten thousand rupees to fifteen thousand rupees”.
- In regulation 16, in sub-regulation (4), the words and figures “100 units” shall be substituted with the words “one unit”

For details: https://www.sebi.gov.in/legal/regulations/jul-2021/securities-and-exchange-board-of-india-real-estate-investment-trusts-amendment-regulations-2021_51549.html

3. Amendments pertaining to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(6A) and Regulation 22(8) of SEBI (Real Estate Investment Trusts) Regulations, 2014 (October 05, 2021)

The Securities and Exchange Board of India (SEBI) on October 05, 2021 has issued a notification on manner and mechanism of providing exit options to dissenting unit holders pursuant to Regulation 22(6A) and Regulation 22(8) of SEBI (Real Estate Investment Trusts) Regulations, 2014 by modifying an earlier circular SEBI/HO/DDHS/DDHS/CIR/P/2020/123 dated July 17, 2020, which specifies “manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(6A) and Regulation 22(8) of SEBI (Real Estate Investment Trusts) Regulations, 2014.

Clause 2.5A which specifies the change in sponsor or change in control of sponsor and their exit options timelines, has been inserted.

For details: <https://www.sebi.gov.in/legal/circulars/oct-2021/amendments-to-manner-and-mechanism-of-providing-exit-option-to-dissenting-unit-holders-pursuant-to-regulation-22-6a-and-regulation-22-8-of-sebi-real-estate-investment-trusts-regulations-2014-se-53137.html>

LESSON 3

INFRASTRUCTURE INVESTMENT TRUSTS

1. Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2021 (July 30, 2021)

In regulation 14, in sub-regulation (4), in clause (c), the word “amount” shall be inserted after the word “subscription”, and the words “be one lakh rupees” shall be substituted with the words “fall within the range of ten thousand rupees to fifteen thousand rupees”.

In regulation 16, in sub-regulation (9), in clause (b), the words and figures “100 units” shall be substituted with the words “one unit”.

In regulation 26B, after sub-regulation (2), the following new sub-regulation shall be inserted, namely, -

“(3) The minimum number of unit holders in an InvIT, other than the sponsor(s), its related parties and its associates, shall be five, together and collectively holding at least twenty-five percent of the total units of the InvIT, at all times.

For details: https://www.sebi.gov.in/legal/regulations/jul-2021/securities-and-exchange-board-of-india-infrastructure-investment-trusts-amendment-regulations-2021_51547.html

2. Requirement of minimum number and holding of unit holders for unlisted Infrastructure Investment Trusts (InvITs) (August 04, 2021)

As per regulation 26B(3) of the InvIT Regulations, the minimum number of unit holders in an InvIT, other than the sponsor(s), its related parties and its associates, should be five, together and collectively holding at least 25 percent of the total units of the InvIT at all times.

Further through this revised framework the registered unlisted InvITs which have already issued units as on the date of this circular, shall comply with the above provision within a period of six months from the date of this circular.

For details: <https://www.sebi.gov.in/legal/circulars/aug-2021/requirement-of-minimum-number-and-holding-of-unit-holders-for-unlisted-infrastructure-investment-trusts-invits-51631.html>

3. Amendments to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(5C) and Regulation 22(7) of SEBI Infrastructure Investment Trusts Regulations, 2014 (October 05, 2021)

The Securities and Exchange Board of India (SEBI) through a circular dated 5th October, 2021 has issued amendment to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(5C) and Regulation 22(7) of SEBI (Infrastructure Investment Trusts) Regulations, 2014. In case of an acquisition described under Regulation 22(5C) or change in sponsor or change in control of sponsor or inducted sponsor under Regulation 22(7) of SEBI

(InvIT) Regulations is triggered pursuant to an open offer the summary of activities pertaining to exit option/offer is prescribed in the circular along with the prescribed timelines.

For details: <https://www.sebi.gov.in/legal/circulars/oct-2021/amendments-to-manner-and-mechanism-of-providing-exit-option-to-dissenting-unit-holders-pursuant-to-regulation-22-5c-and-regulation-22-7-of-sebi-infrastructure-investment-trusts-regulations-2014-s-53139.html>

LESSON 4

INDIAN EQUITY-PRIVATE EQUITY

1. **SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2021 (August 3, 2021)**

SEBI vide its notification dated August 03, 2021, amends the provisions of SEBI (Alternative Investment Funds) Regulations, 2012, which shall come into force on the date of their publication in the Official Gazette.

The amendment introduced a framework for, “accreditation agency”, “accredited investor” and “large value fund for accredited investors” as under:

- 1) **“accreditation agency”** means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by the Board from time to time.
- 2) **“accredited investor”** means any person who is granted a certificate of accreditation by an accreditation agency who,
 - (i) in case of an individual, Hindu Undivided Family, family trust or sole proprietorship has:
 - (A) annual income of at least two crore rupees; or
 - (B) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or
 - (C) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.
 - (ii) in case of a body corporate, has net worth of at least fifty crore rupees;
 - (iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;
 - (iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation;”

3) **“large value fund for accredited investors”** means an Alternative Investment Fund or scheme of an Alternative Investment Fund in which each investor (other than the Manager, Sponsor, employees or directors of the Alternative Investment Fund or employees or directors of the Manager) is an accredited investor and invests not less than seventy crore rupees;”

The notification further provides that-

- the minimum level of investment value i.e., Rs. 1 crore is not applicable to accredited investors. [Proviso to Reg. 10 (c)]

- large value funds for accredited investors may be permitted to extend its tenure of the close ended Alternative Investment Fund beyond 2 years, subject to terms of the contribution agreement, other fund documents and such conditions as may be specified by the SEBI from time to time. [Proviso to Reg.13(4)]
- large value funds for accredited investors of Category I and II may invest up to 50% of the investable funds in an investee company directly or through investment in the units of other Alternative Investment Funds. [Proviso to Reg. 15(1)(c)]
- large value funds for accredited investors of Category III may invest up to 20% of the investable funds in an investee company directly or through investment in units of other Alternative Investment Funds. [Proviso to Reg. 15(1)(d)]

2. Modalities for implementation of the framework for Accredited Investors

(Circular No. SEBI/HO/IMD/IMD-I/DF9/P/CIR/2021/620 dated August 26, 2021)

SEBI has come out with detailed modalities for implementation of the Accredited Investors (AIs) framework, a move expected to open up a new channel of raising funds from sophisticated investors. The SEBI has issued guidelines on eligibility criteria for AIs, procedure as well as validation for accreditation, procedure to avail benefits linked to accreditation and flexibility to investors to withdraw 'consent'. The SEBI had earlier this month introduced the concept of "Accredited Investors" in the securities market.

For details:

https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2021_51670.html

https://www.sebi.gov.in/legal/circulars/aug-2021/circular-on-modalities-for-implementation-of-the-framework-for-accredited-investors_52116.html

3. SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2021 (November 09, 2021)

SEBI vide its notification dated November 09, 2021, amended the provisions of SEBI (Alternative Investment Funds) Regulations, 2012, which shall come into force on the on the 30th day from the date of their publication in the Official Gazette.

1) Vide this notification, a definition of co-investment under Regulation2(1)(fa) is inserted-

“Co-investment” means investment made by a Manager or Sponsor or investor of Category I and II Alternative Investment Fund(s) in investee companies where such Category I or Category II Alternative Investment Fund(s) make investment:

Provided that Co-investment by investors of Alternative Investment Fund shall be through a Co-investment Portfolio Manager as specified under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020;”

2) In Regulation 15(1) related to General Investment Conditions by all categories of Alternative Investment Funds

- clause (b) shall be substituted with the following, namely,-

“(b) The terms of Co-investment in an investee company by a Manager or Sponsor or coinvestor, shall not be more favourable than the terms of investment of the Alternative Investment Fund:

Provided that the terms of exit from the Co-investment in an investee company including the timing of exit shall be identical to the terms applicable to that of exit of the Alternative Investment Fund:

Provided further that the above proviso shall be applicable only for coinvestment made from the date of coming into force of this regulation.”

- clause (d) shall be substituted with the following, namely,-

“(d) Category III Alternative Investment Funds shall invest not more than ten per cent of the net asset value in listed equity of an Investee Company and shall invest not more than ten per cent of the investable funds in securities other than listed equity of an Investee Company, directly or through investment in units of other Alternative Investment Funds:

Provided that large value funds for accredited investors of Category III Alternative Investment Funds may invest up to twenty per cent of the net asset value in listed equity of an Investee Company and may invest up to twenty per cent of the investable funds in securities other than listed equity of an Investee Company, directly or through investment in units of other Alternative Investment Funds;”

3) In Regulation 20 related to General Obligations, after sub-regulation (14) the following sub-regulation has been inserted, namely-

“(15) The manager shall not provide advisory services to any investor other than the clients of Co-investment Portfolio Manager as specified in the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, for investment in securities of investee companies where the Alternative Investment Fund managed by it makes investment.”

For details: https://www.sebi.gov.in/legal/regulations/nov-2021/securities-and-exchange-board-of-india-alternative-investment-funds-fifth-amendment-regulations-2021_53830.html

LESSON 5 - INDIAN EQUITY – NON FUND BASED

1. **Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021**

BACKGROUND

SEBI (Issue of Sweat Equity) Regulations, 2002 ("Sweat Equity Regulations") and SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") were notified on September 24, 2002 and October 28, 2014 respectively. The Sweat Equity regulations provided framework for issuance of Sweat Equity shares by listed companies and the SBEB Regulations provided framework to regulate Employee Stock Option Scheme, Employee Stock Purchase Scheme and other share based employee benefits.

Further, to improve ease of doing business from a regulatory perspective, it was observed that, both the SBEB Regulations and the Sweat Equity Regulations regulate employee benefits arising out of and relating with the equity shares of listed companies, thus the possibility of merging both such regulations may be explored.

Accordingly, the SEBI constituted the Expert Group to analyze the above proposals, and to provide its recommendations on the following:

- Revisiting the framework of SBEB regulations and suggesting policy change thereto.
- Revisiting the framework of SEBI Sweat equity regulations vis-à-vis the Companies Act, 2013 and suggesting policy changes thereto.
- Suggesting, whether it is advisable to combine both the regulations and if so, providing a draft of combined regulations.

The changes in the two regulations and their merger into a single regulation were approved by SEBI in the Board Meeting held on August 06, 2021. **Thereafter, the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (herein referred as "New Regulations") have been notified and become effective on August 13, 2021.**

Pursuant to this, the SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Issue of Sweat Equity) Regulations, 2002 (herein referred as "Erstwhile Regulations") stand repealed.

SHARE BASED EMPLOYEE BENEFITS (CHAPTER I, II and III)

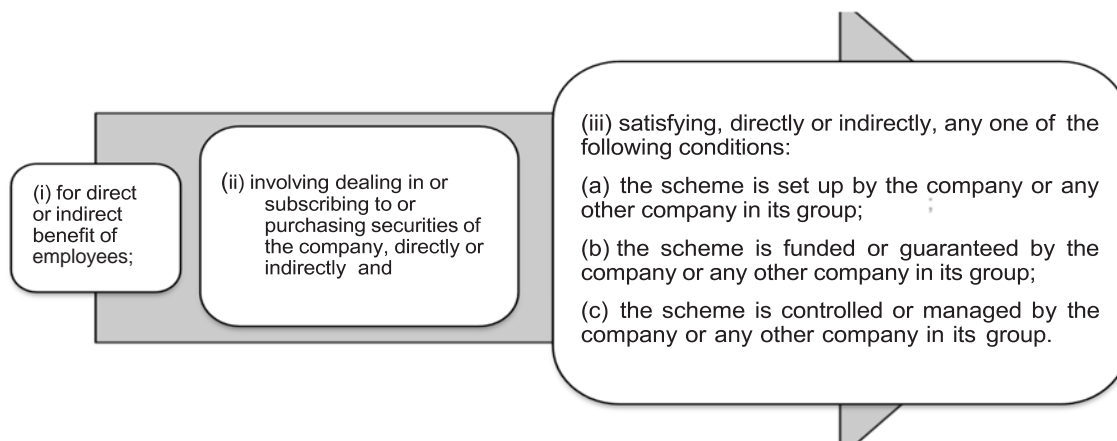
APPLICABILITY

The provisions of these regulations shall apply to the following: -

- (i) employee stock option schemes;
- (ii) employee stock purchase schemes;
- (iii) stock appreciation rights schemes;
- (iv) general employee benefits schemes;
- (v) retirement benefit schemes; and
- (vi) sweat equity shares.

COMPANIES COVERED

The provisions of these regulations shall apply to any company whose shares are listed on a recognised stock in India and who seeks to issue sweat equity shares or has a scheme:-



NON-APPLICABILITY

The provisions pertaining to preferential issue as specified in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 shall not be applicable in case of a company issuing new shares in pursuance and compliance of these regulations except wherever specifically provided for in these regulations.

IMPORTANT DEFINITIONS

- **“Employee”**, except in relation to issue of sweat equity shares, means, —
 - (i) an employee as designated by the company, who is exclusively working in India or outside India; or
 - (ii) a director of the company, whether a whole time director or not, including a nonexecutive director who is not a promoter or member of the promoter group, but excluding an independent director; or
 - (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include—
 - (a) an employee who is a promoter or a person belonging to the promoter group; or
 - (b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.
- **“Scheme”** means a scheme of a company proposing to provide share based benefits to its employees under Chapters III of these regulations, which may be implemented and administered directly by such company or through a trust, in accordance with these regulations.
- **“Secretarial auditor”** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and

Disclosure Requirements) Regulations, 2015.

- **“Employee stock option scheme or ESOS”** means a scheme under which a company grants employee stock options to employees directly or through a trust.
- **“Employee stock purchase scheme or ESPS”** means a scheme under which a company offers shares to employees, as part of public issue or otherwise, or through a trust where the trust may undertake secondary acquisition for the purposes of the scheme.
- **“General employee benefits scheme or GEBS”** means any scheme of a company framed in accordance with these regulations, dealing in shares of the company or the shares of its listed holding company, for the purpose of employee welfare including healthcare benefits, hospital care or benefits, or benefits in the event of sickness, accident, disability, death or scholarship funds, or such other benefit as specified by such company.
- **“Retirement benefit scheme or RBS”** means a scheme of a company framed in accordance with these regulations, dealing in shares of the company or the shares of its listed holding company, for providing retirement benefits to the employees subject to compliance with existing rules and regulations as applicable under laws relevant to retirement benefits in India.
- **“Sweat equity shares”** means sweat equity shares as defined in sub-section (88) of section 2 of the Companies Act, 2013 (18 of 2013).
- **“Appreciation”** means the difference between the market price of the share of a company on the date of exercise of SAR or the date of vesting of SAR, as the case may be, and the SAR price.
- **“Exercise”** means making of an application by an employee to the company or to the trust for issue of shares or appreciation in form of cash, as the case may be, against vested options or vested SARs in pursuance of the schemes covered under Part A or Part C of Chapter III of these regulations, as the case may be.
- **“Exercise period”** means the time period after vesting within which an employee can exercise his/her right to apply for shares against the vested option or appreciation against vested SAR in pursuance of the schemes covered under Part A or Part C of Chapter III of these regulations, as the case may be.
- **“Exercise price”** means the price, if any, payable by an employee for exercising the option or SAR granted to such an employee in pursuance of the schemes covered under Part A or Part C of Chapter III of these regulations, as the case may be.
- **“Grant”** means the process by which the company issues options, SARs, shares or any other benefits under any of the schemes.
- **“Grant date”** means the date on which the compensation committee approves the grant.

Explanation,—For accounting purposes, the grant date will be determined in accordance with applicable accounting standards;

- **“Option”** means the option given to an employee which gives such an employee a right to purchase or subscribe at a future date, the shares offered by the company, directly or indirectly, at a pre-determined price.
- **“Option grantee”** means an employee having a right but not an obligation to exercise an option in pursuance of an ESOS.
- **“Relevant date”** means,-
 - (i) in the case of grant, the date of the meeting of the compensation committee on which the grant is made; or
 - (ii) in the case of exercise, the date on which the notice of exercise is given to the company or to the trust by the employee.
- **“Stock appreciation right or SAR”** means a right given to a SAR grantee entitling him to receive appreciation for a specified number of shares of the company where the settlement of such appreciation may be made by way of cash payment or shares of the company.

Explanation 1,—A SAR settled by way of shares of the company shall be referred to as equity settled SAR.

Explanation 2,—For the purpose of these regulations, any reference to stock appreciation right or SAR shall mean equity settled SARs and does not include any scheme which does not, directly or indirectly, involve dealing in or subscribing to or purchasing, securities of the company.

- **“Stock appreciation right scheme or SAR scheme”** means a scheme under which a company grants SAR to employees.
- **“SAR grantee”** means an employee to whom a SAR is granted.
- **“SAR price”** means the base price defined on the grant date of SAR for the purpose of computing appreciation.
- **“Trust”** means a trust established under the provisions of the Indian Trusts Act, 1882 (2 of 1882) including any statutory modification or re-enactment thereof, for implementing any of the schemes covered by these regulations.
- **“Vesting”** means the process by which the employee becomes entitled to receive the benefit of a grant made to him/her under any of the schemes.
- **“Vesting period”** means the period during which the vesting of option, SAR or a benefit granted under any of the schemes takes place.

IMPLEMENTATION OF SCHEMES THROUGH TRUST

1. A company may implement a scheme(s) either directly or by setting up an irrevocable trust(s). If the scheme is to be implemented through a trust, the same has to be decided upfront at the time of taking approval of the shareholders for setting up the scheme(s).

However, if prevailing circumstances so warrant, the company may change the mode of implementation of the scheme subject to the condition that a fresh approval of the shareholders by a special resolution is obtained prior to implementing such a change and that such a change is not prejudicial to the interests of the employees.

Further it is provided that if the scheme(s) involves secondary acquisition or gift or both, then it shall be mandatory for the company to implement such scheme(s) through a trust(s).

2. A company may implement several schemes as permitted under these regulations through a single trust.

However, such single trust shall keep and maintain-

- proper books of account;
- records and documents;

for each such scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of each scheme.

3. The trust deed, under which the trust is formed, shall contain provisions as specified in Part A of Schedule – I of these regulations and such trust deed and any modifications thereto shall be mandatorily filed with the recognised stock exchange(s) in India where the shares of the company are listed.
4. Any person can be appointed as a trustee of the trust, except in cases where such person—
 - i. is a director, key managerial personnel or promoter of the company or its group company including its holding, subsidiary or associate company or any relative of such director, key managerial personnel or promoter; or
 - ii. beneficially holds ten percent or more of the paid-up share capital or the voting rights of the company.

However, where individual(s) or “one person company” as defined under the Companies Act, 2013 is appointed as trustee(s), there shall be a minimum of two such trustees, and in case a corporate entity is appointed as a trustee, then it may be the sole trustee.
5. The trustees of a trust, which is governed under these regulations, shall not vote in respect of the shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights.
6. The trustee should ensure that the requisite approval from the shareholders has been obtained by the company in order to enable the trust to implement the scheme(s) and undertake secondary acquisition for the purposes of the scheme(s).
7. The trust shall not deal in derivatives and shall undertake only delivery-based transactions for the purposes of secondary acquisition as permitted by these regulations.
8. Subject to the requirements of the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014, as amended from time to time, as may be applicable, the company may lend monies to the trust on appropriate terms and conditions to acquire the shares either through

new issue or secondary acquisition, for the purpose of implementation of the scheme(s).

9. For the purpose of disclosures to the recognised stock exchange, the shareholding of the trust shall be shown as “non-promoter and non-public” shareholding.

Explanation,—The shares held by the trust shall not form part of the public shareholding which needs to be maintained at a minimum of twenty five per cent as prescribed under the Securities Contracts (Regulation) Rules, 1957.

10. Secondary acquisition in a financial year by the trust shall not exceed two per cent of the paid up equity capital of the company as at the end of the previous financial year.
11. The total number of shares under secondary acquisition held by the trust shall at no point of time exceed the below mentioned limits as a percentage of the paid up equity capital of the company as at the end of the financial year immediately prior to the year in which the shareholders’ approval is obtained for such secondary acquisition:

Sl. No.	Particulars	Limit
A	For the schemes enumerated in Part A, Part B or Part C of Chapter III of these regulations	5%
B	For the schemes enumerated in Part D, or Part E of Chapter III of these regulations	2%
C	For all the schemes in aggregate	5%

12. The unappropriated inventory of shares which are not backed by grants, acquired through secondary acquisition by the trust under Part A, Part B or Part C of Chapter III of these regulations, shall be appropriated within a reasonable period which shall not extend beyond the end of the subsequent financial year, or the second subsequent financial year subject to approval of the compensation committee/nomination and remuneration committee for such extension to the second subsequent financial year.
13. The trust shall be required to hold the shares acquired through secondary acquisition for a minimum period of six months except where they are required to be transferred in the circumstances enumerated in these regulations, whether off-market or on the platform of recognised stock exchange.
14. The trust shall be permitted to undertake off-market transfer of shares only under the following circumstances: -
- (a) transfer to the employees pursuant to scheme(s);
 - (b) while participating in an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or while participating in a buy-back, delisting or any other exit offered by the company generally to its shareholders.
15. The trust shall not become a mechanism for trading in shares and hence shall not sell the shares in secondary market except under the following circumstances:
- (a) to enable the employee to fund the payment of the exercise price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to exercise of options granted under

the ESOS;

(b) on vesting or exercise, as the case may be, of SAR under the scheme covered by Part C of Chapter III of these regulations;

(c) in case of emergency for implementing the schemes covered under Part D and Part E of Chapter III of these regulations, and for this purpose –

(i) the trustee(s) shall record the reasons for such sale; and

(ii) money so realised on sale of shares shall be utilised within a definite time period as stipulated under the scheme or trust deed.

(d) participation in buy-back or open offers or delisting offers or any other exit offered by the company generally to its shareholders, if required;

(e) for repaying the loan, if the unappropriated inventory of shares held by the trust is not appropriated within the timeline as provided above;

(f) winding up of the scheme(s); and

(g) based on approval granted by the Board to an applicant, for the reasons recorded in writing in respect of the schemes covered by Part A or Part B or Part C of Chapter III of these regulations, upon payment of a non-refundable fee of rupees one lakh to the Board along with the application by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by the Reserve Bank of India.

16. The trust shall be required to make disclosures and comply with the other requirements applicable to insiders or promoters under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or any modification or re-enactment thereto.

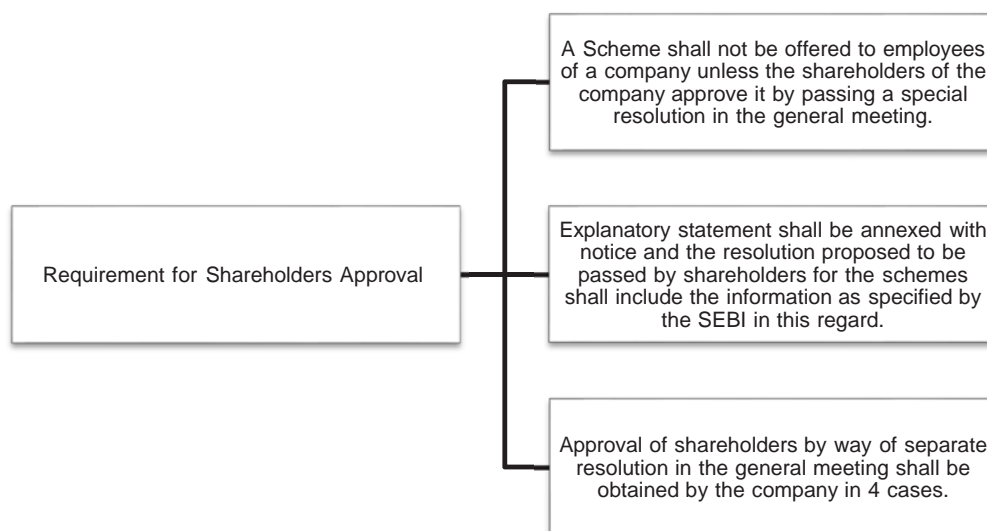
ELIGIBILITY CRITERIA

An employee shall be eligible to participate in the schemes of the company as determined by the compensation committee.

COMPENSATION COMMITTEE

- (1) A company shall constitute a compensation committee for administration and superintendence of the schemes. Where the scheme is being implemented through a trust the compensation committee shall delegate the administration of such scheme(s) to the trust.
- (2) The compensation committee shall be a committee of such members of the Board of Directors of the company as provided under regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. Provided that a company may also opt to designate its nomination and remuneration committee as the compensation committee for the purposes of these regulations.
- (3) The compensation committee shall, inter alia, formulate the detailed terms and conditions of the schemes which shall include the provisions as specified in Part B of Schedule – I of these regulations.
- (4) The compensation committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended from time to time, by the trust, the company and its employees, as may be applicable.

SHAREHOLDERS APPROVAL



Approval of shareholders by way of separate resolution in the general meeting shall be obtained by the company in case of:

- a) Secondary acquisition for implementation of the schemes.

Such approval shall mention the percentage of secondary acquisition (subject to limits specified under these regulations) that could be undertaken;

- b) Secondary acquisition by the trust in case the share capital expands due to capital expansion undertaken by the company including preferential allotment of shares or qualified institutions placement, to maintain the five percent cap as prescribed in these regulations of such increased capital of the company;
- c) Grant of option, SAR, shares or other benefits, as the case may be, to employees of subsidiary or holding company;
- d) Grant of option, SAR, shares or benefits, as the case may be, to identified employees, during any one year, equal to or exceeding one per cent. of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of option, SAR, shares or incentive, as the case may be.

VARIATION OF TERMS OF THE SCHEMES

(1) A company may by special resolution of its shareholders vary the terms of the schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the employees, if such variation is not prejudicial to the interests of the employees

(2) A company shall be entitled to vary the terms of the schemes to meet any regulatory requirement without seeking shareholders' approval by special resolution.

(3) The provisions of regulation 6 (Shareholders' Approval) of these regulations shall apply to such variation of terms as they apply to the original grant of option, SAR, shares or other benefits, as the case may be.

(4) The notice for passing a special resolution for variation of terms of the schemes shall disclose full details of the variation, the rationale therefor, and the details of the employees who are

beneficiaries of such variation.

(5) A company may reprice the options, SAR or shares, as the case may be, which are not exercised, whether or not they have been vested, if the schemes were rendered unattractive due to fall in the price of the shares in the stock market.

Provided that the company ensures that such repricing is not detrimental to the interests of the employees and approval of the shareholders by a special resolution has been obtained for such repricing.

WINDING UP OF THE SCHEMES

In case of winding up of the schemes being implemented by a company, the excess monies or shares remaining with the trust after meeting all the obligations, if any, shall be utilised for repayment of loan or by way of distribution to employees or subject to approval of the shareholders, be transferred to another scheme under these regulations, as recommended by the compensation committee.

NON-TRANSFERABILITY

- Option, SAR or any other benefit granted to an employee under the regulations shall not be transferable to any person. No person, other than the employee to whom the option, SAR or other benefit is granted, shall be entitled to the benefit arising out of such option, SAR or other benefit.
- The option, SAR, or any other benefit granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- In the event of death of the employee while in employment, all the options, SAR or any other benefit granted under a scheme to him/her till his/her death shall vest, with effect from the date of his/her death, in the legal heirs or nominees of the deceased employee, as the case may be.
- In case the employee suffers a permanent incapacity while in employment, all the options, SAR or any other benefit granted to him/her under a scheme as on the date of permanent incapacitation, shall vest in him/her on that day.
- In the event of resignation or termination of an employee, all the options, SAR or any other benefit which are granted and yet not vested as on that day, shall expire.

LISTING

In case a new issue of shares is made under any scheme, shares so issued shall be listed immediately on all recognised stock exchange(s) where the existing shares are listed, subject to the following conditions:

- (a) The scheme is in compliance with these regulations;
- (b) A statement, as specified in Part D of Schedule – I of these regulations, is filed and the company obtains an in-principle approval from the recognised stock exchange(s);
- (c) As and when an exercise is made, the company notifies the concerned recognised stock exchange(s) as per the statement as specified in Part E of Schedule – I of these regulations.

CERTIFICATE FROM AUDITORS

In the case of every company which has passed a resolution for the scheme(s) under these regulations, the Board of Directors shall at each annual general meeting place before the shareholders a certificate from the **secretarial auditors** of the company that the scheme(s) has been implemented in accordance with these regulations and in accordance with the resolution of the company in the general meeting.

ADMINISTRATION OF SPECIFIC SCHEMES

Employee Stock Option Scheme (ESOS)

Administration Implementation	and	<ul style="list-style-type: none"> An ESOS shall contain the details of the manner in which the scheme will be implemented and operated. ESOS shall not be offered unless the disclosures, as specified by SEBI in this regard, are made by the company to the prospective option grantees.
Pricing		<ul style="list-style-type: none"> The company granting options to its employees pursuant to an ESOS shall be free to determine the exercise price subject to conforming to the accounting policies specified in these regulation.
Vesting Period		<ul style="list-style-type: none"> There shall be a minimum vesting period of one year in case of ESOS. The company may specify the lock-in period for the shares issued pursuant to exercise of option.
Rights of the option holder		<ul style="list-style-type: none"> An employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him/her, till shares are issued upon exercise of option.
Consequence of failure to exercise option		<ul style="list-style-type: none"> The amount paid by the employee, if any, at the time of grant, vesting or exercise of option, - <ul style="list-style-type: none"> may be forfeited by the company if the option is not exercised by the employee within the exercise period; or may be refunded to the employee if the options are not vested due to non- fulfilment of conditions relating to vesting of option as per the

Note :

In regard to Vesting period, -

- where options are granted by a company under an ESOS in lieu of options held by an employee under an ESOS in another company which has merged, demerged, arranged or amalgamated with the first mentioned company, the period during which the options granted by the transferor company were held by such employee shall be adjusted against the minimum vesting period.
- In the event of death or permanent incapacity of an employee, the minimum vesting period of one year shall not be applicable and in such instances, the options shall vest in terms of sub-regulation (4) of regulation 9 of these regulations, on the date of the death or permanent incapacity.

Employee Stock Purchase Scheme (ESPS)

Administration and Implementation	Pricing and Lock-In
<ul style="list-style-type: none"> • An ESPS scheme shall contain the details of the manner in which the scheme will be implemented and operated. 	<ul style="list-style-type: none"> • A company may determine the price of shares to be issued under an ESPS, provided they conform to the provisions of accounting policies under these regulation. • Shares issued under an ESPS shall be locked-in for a minimum period of one year from the date of allotment. • If ESPS is part of a public issue and the shares are issued to employees at the same price as in the public issue, the shares issued to employees pursuant to ESPS shall not be subject to lock-in.

Note :

In regard to pricing and Lock-in-

- where shares are allotted by a company under an ESPS in lieu of shares acquired by the employee under an ESPS in another company which has merged or amalgamated with the first mentioned company, the lock-in period already undergone in respect of shares of the transferor company shall be adjusted against the lock-in period.
- In the event of death or permanent incapacity of an employee, the requirement of lock-in shall not be applicable from the date of death or permanent incapacity.

Stock Appreciation Rights Scheme (SAR Scheme)

Administration and Implementation
<ul style="list-style-type: none"> • A SAR scheme shall contain the details of the manner in which the scheme will be implemented and operated; • A company shall have the freedom to implement cash settled or equity settled SAR scheme; • No SAR shall be offered unless the disclosures, as specified by SEBI in this regard, are made by the company to the prospective SAR grantees.
Vesting
<ul style="list-style-type: none"> • There shall be a minimum vesting period of one year in case of SAR scheme.
Rights of the SAR holder
<ul style="list-style-type: none"> • The employee shall not have right to receive dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of SAR granted to him/her.

Note :

- In Point No. 1, in case of equity settled SAR scheme, if the settlement results in fractional shares, then the consideration for fractional shares should be settled in cash.
- In Point No. 2-
 - in a case where SAR is granted by a company under a SAR scheme in lieu of SAR held by the employee under a SAR scheme in another company which has merged or amalgamated with the first mentioned company, the period during which the SAR

- granted by the transferor company were held by the employee shall be adjusted against the minimum vesting period.
- In the event of death or permanent incapacity, the minimum vesting period of one year shall not be applicable and in such instances, the options shall vest on the date of death or permanent incapacity.

General Employee Benefits Scheme (GEBS)

Administration and Implementation

- (1) GEBS shall contain the details of the scheme and the manner in which the scheme shall be implemented and operated.
- (2) The shares of the company or shares of its listed holding company shall not exceed ten per cent of the book value or market value or fair value of the total assets of the scheme, whichever is lower, as appearing in its latest balance sheet (whether audited or limited reviewed) for the purposes of GEBS.
- (3) The secretarial auditor of the company shall certify the above mentioned point (2) compliance at the time of adoption of such balance sheet by the company.

Retirement Benefit Scheme (RBS)

Administration and Implementation

- (1) Retirement benefit scheme may be implemented by a company subject to compliance with these regulations and provisions of any other law in force in relation to retirement benefits.
- (2) The retirement benefit scheme shall contain the details of the benefits under the scheme and the manner in which the scheme shall be implemented and operated.
- (3) The shares of the company or shares of its listed holding company shall not exceed ten per cent of the book value or market value or fair value of the total assets of the scheme, whichever is lower, as appearing in its latest balance sheet (whether audited or limited reviewed) for the purposes of RBS.
- (4) The secretarial auditor of the company shall certify compliance with above mentioned point (3) at the time of adoption of such balance sheet by the company.

ISSUE OF SWEAT EQUITY BY A LISTED COMPANY (CHAPTER IV)

Applicability

Nothing contained in this chapter shall apply to an unlisted company:

Provided that an unlisted company coming out with initial public offer and seeking listing of its securities on the recognized stock exchange, pursuant to issue of sweat equity shares, shall comply with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018.

Definition of employee in relation to issue of sweat equity shares

The term ‘employee’ means,

- (i) an employee of the company working in India or abroad; or
- (ii) a director of the company whether a whole time director or not.

Issue of sweat equity shares to employees

A company whose equity shares are listed on a recognised stock exchange may issue sweat equity shares in accordance with section 54 of the Companies Act, 2013 and these regulations to its employees for their providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.

Maximum quantum of sweat equity shares

A company shall not issue sweat equity shares for more than fifteen percent of the existing paid up equity share capital in a year. However, the issuance of sweat equity shares in the company shall not exceed twenty five percent of the paid up equity share capital of the company at any time.

Further, a company listed on Innovators Growth Platform shall be permitted to issue not more than fifteen percent of the paid up equity share capital in a financial year subject to overall limit not exceeding fifty percent of the paid up equity share capital of the company, up to ten years from the date of its incorporation or registration.

Special Resolution

- (1) For the purposes of passing a special resolution under clause (a) of sub-section (1) of section 54 of the Companies Act, 2013), the explanatory statement to be annexed to the notice for the general meeting pursuant to section 102 of the Companies Act, 2013 shall contain disclosures as specified in the Schedule – II of these regulations.
- (2) The issue of sweat equity shares to employees who belong to promoter or promoter group shall be approved by way of a resolution passed by a simple majority of the shareholders in general meeting.

However, for passing such a resolution, voting through postal ballot and/or e-voting as specified under Companies (Management and Administration) Rules, 2014 shall also be adopted.

Further, provided that the promoters/promoter group shall not participate in such resolution.

- (3) Each issue of sweat equity shares shall be voted by a separate resolution.
- (4) The resolution for issue of sweat equity shares shall be valid for a period of not more than twelve months from the date of passing of the resolution.

Pricing of sweat equity shares

The price of sweat equity shares shall be determined in accordance with the pricing requirements stipulated for a preferential issue to a person other than a qualified institutional buyer under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Valuation

- (1) The valuation of the know-how or intellectual property rights or value addition shall be carried out by a merchant banker.
- (2) The merchant banker may consult such experts and valuers, as it may deem fit, having regard to the nature of the industry and the nature of the valuation of know-how or intellectual property rights or value addition.
- (3) The merchant banker shall obtain a certificate from an independent chartered accountant certifying that the valuation of the know-how or intellectual property rights or value addition is in accordance with the relevant accounting standards.

Accounting Treatment

Where the sweat equity shares are issued for a non-cash consideration, such non-cash consideration shall be treated in the following manner in the books of account of the company:-

- (a) where the non-cash consideration takes the form of a depreciable or amortizable asset, it shall be carried to the balance sheet of the company in accordance with the relevant accounting standards; or
- (b) where clause (a) is not applicable, it shall be expensed as provided in the relevant accounting standards.

Placing of auditor's certificate before annual general meeting

In the general meeting subsequent to the issue of sweat equity shares, the Board of Directors shall place before the shareholders, a certificate from the secretarial auditor of the company that the issue of sweat equity shares has been made in accordance with these regulations and in accordance with the resolution passed by the company authorizing the issue of such sweat equity shares.

Ceiling on managerial remuneration

The amount of sweat equity shares issued shall be treated as part of managerial remuneration for the purpose of sections 196, 197 and other applicable provisions of the Companies Act, 2013, if the following conditions are fulfilled:

- (i) the sweat equity shares are issued to any director or manager; and
- (ii) the sweat equity shares are issued for non-cash consideration, which does not take the form of an asset which can be carried to the balance sheet of the company in accordance with the relevant accounting standards.

Lock-in of sweat equity shares

- (1) The sweat equity shares shall be locked in for such period of time as specified in relation to a preferential issue under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
- (2) The provisions of the Securities and Exchange Board of India (Issue of Capital and

Disclosures Requirements) Regulations, 2018 in respect of public issue in terms of lock-in and computation of promoters' contribution shall apply if a company makes a public issue after it has issued sweat equity shares.

Listing

The sweat equity shares issued by a listed company shall be eligible for listing subject to their issuance being in accordance with these regulations.

Applicability of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Any acquisition of sweat equity shares shall be subject to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

General Obligations

The company shall ensure that –

- (a) the explanatory statement to the notice for general meeting contains the disclosures specified under clause (b) of sub-section (1) of section 54 of the Companies Act, 2013 and sub-regulation (1) of regulation 32 of these regulations.
- (b) the secretarial auditor's certificate required under regulation 36 is placed in the general meeting of the shareholders.
- (c) the company, within seven days of the issue of sweat equity shares, sends a statement to the recognised stock exchange, disclosing:
 - (i) number of sweat equity shares issued;
 - (ii) price at which the sweat equity shares are issued;
 - (iii) total amount received towards sweat equity shares;
 - (iv) details of the persons to whom sweat equity shares have been issued; and
 - (v) the consequent changes in the capital structure and the shareholding pattern before and after the issue of sweat equity shares.

For details: https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-share-based-employee-benefits-and-sweat-equity-regulations-2021_51889.html

LESSON 6 - DEBT FUNDING – INDIAN FUND BASED (CORPORATE DEBT)

LESSON 11 - NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES

(1) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (August 09, 2021)

The SEBI vide e-Gazette notification dated August 09, 2021, has notified the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021. These regulations shall come into force on the seventh day from the date of its publication in the Official Gazette. Unless otherwise provided, these regulations shall apply to the:

- (2) issuance and listing of debt securities and nonconvertible redeemable preference shares by an issuer by way of public issuance;
- (3) issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed; and
- (4) listing of commercial paper issued by an issuer in compliance with the guidelines framed by the Reserve Bank of India.

The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 shall stand repealed from the date on which these regulations come to force.

The objective to bring out these regulations is to simplify and to align the Regulations in line with the various circulars/guidance and various provisions of the regulations, issued by SEBI and improve the structure of the regulations in order to enhance readability. Also, to identify policy changes in line with the present market practices and the prevailing regulatory environment and to ease doing business.

For details: <https://www.egazette.nic.in/WriteReadData/2021/228840.pdf>

LESSON 10

INTER-CORPORATE LOANS AND INVESTMENT/DEPOSIT

Case Law

19/09/2018	M/s Ind-Swift Limited (Appellant) vs. Registrar of Companies (Respondent)	NCLT
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Repayment of Deposits accepted before Commencement of the Companies Act, 2013

The Company filed application before CLB and obtained relief under Section 58AA read with Section 58A(9) of the Companies Act, 1956 and got instalments fixed to repay deposits, Appellant sought re-fixing of periods, instalments and rate of interest from NCLT, New Delhi under Section 74 of the Companies Act, 2013 which was rejected by NCLT, New Delhi bench. This Appeal is against rejection of the application/s.

The NCLAT observed that the NCLT considered that the Appellant had at the time of first grant of time got relief of huge extension and that there was no reason to accept the plea for further extension. The NCLT appears to have found that when big relief had already been granted to the Company, further extension was not justified.

Section 76 makes it clear that legislature has put in many safeguards when deposits are to be taken from public. One of the important provisions is to ensure that the Company creates a charge of its assets of an amount not less than the amount of deposits accepted in favour of the deposit holders.

Section 76(2) read with Sections 73 and 74 would apply to acceptance of deposits from public by eligible Companies but it saves the Company which had accepted or invited public deposits under the relevant provisions of the old Act and Rules thereunder and has been repaying such deposits and interests thereon in accordance with such provisions, then the provisions of Clause (b) of Sub-Section (1) of Section 74 of the new Companies Act, 2013 shall be deemed to have been complied with. This is, however, subject to the fact that the Company complies with the requirements under the Act and the Rules and “continues to repay such deposits and interest due thereon on due dates for the remaining period” as per the terms and conditions.

Considering these provisions, it appears to us that Section 74(1)(b) was attracted and when it appears from record that the Appellant defaulted, the penal provisions would get attracted.

LESSON 13

LISTING –INDIAN STOCK EXCHANGES

(1) SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (May 05, 2021)

In Regulation 46 (2),

- a) the existing clause (o) shall be substituted with the following, namely, -

“(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.”

- b) after clause (o), a new clause (oa) shall be inserted, namely, -

“(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:

- (i) 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;

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

Provided that—

a. 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.

b. 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.”

- c) under clause (s) a new proviso shall be inserted, namely, -

“Provided that a listed entity, which 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, the requirement of this proviso shall be met 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.”

d) after the new proviso to clause (s), the following new clauses shall be inserted, namely,

-

- t) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations;
- u) disclosure of the policy for determination of materiality of events or information required under clause (ii), sub-regulation (4) of regulation 30 of these regulations;
- v) disclosure of 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) as required under sub-regulation (5) of regulation 30 of these regulations;
- w) disclosures under sub-regulation (8) of regulation 30 of these regulations;
- x) statements of deviation(s) or variation(s) as specified in regulation 32 of these regulations;
- y) dividend distribution policy by listed entities based on market capitalisation as specified in sub-regulation (1) of regulation 43A;
- z) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder.”

For details: https://www.sebi.gov.in/web/?file=/sebi_data/attachdocs/may-2021/1620726467032.pdf#page=1&zoom=page-width,-15,842

(2) SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 (August 3, 2021)

SEBI vide its notification dated August 03, 2021, amends the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall come into force on January 1, 2022.

The amendments, inter alia, include the following:

- The listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. [Reg. 17(1C)]- New Insertion
- **At least** 2/3rd of the members of the audit committee shall be independent directors and all related party transactions shall be approved by only independent directors on the Audit Committee. [Reg. 18(1)(b)]
- The composition of Nomination and remuneration committee has been modified to include at least 50% independent directors instead of existing requirement of 2/3rd of independent directors. [Reg. 19(1)(c)]
- The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. [Reg. 25(2A)]- New Insertion
- The requirement of undertaking Directors and Officers insurance has been extended to the top 1000 companies with effect from January 01, 2022. [Reg. 25(10)]

- No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the listed entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director. [Reg. 25(11)]- New Insertion

For details: https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-third-amendment-regulations-2021_51719.html

(3) Disclosure of shareholding pattern of promoter(s) and promoter group entities

(Circular No. SEBI/HO/CFD/CMD/CIR/P/2021/616 dated August 13, 2021)

As per Regulation 31(4) SEBI (LODR) Regulations, 2015, it is mandatory that all entities falling under promoter and promoter group be disclosed separately in the shareholding pattern on the website of stock exchanges, in accordance with the format specified by SEBI. The shareholdings of promoters and promoter group entities, which are currently collectively disclosed under ‘table II-Statement showing shareholding pattern of the promoter and promoter group’, shall now be segregated into promoter(s) and promoter group in the revised format as annexed to this circular.

For details: https://www.sebi.gov.in/legal/circulars/aug-2021/disclosure-of-shareholding-pattern-of-promoter-s-and-promoter-group-entities_51847.html

(4) SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 (September 07, 2021)

SEBI vide gazette notification dated September 07, 2021 amends the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall come into force on the date of their publication in the Official Gazette.

- The amendments, inter-alia, provides the terms “‘non-convertible debt securities’, ‘non-convertible redeemable preference shares’, ‘non-convertible securities’, ‘perpetual debt instrument’ and ‘perpetual non-cumulative preference share’ shall have the same meaning as defined under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- SEBI (LODR) Regulations, 2015 shall also apply to a listed entity which has listed non-convertible securities on recognised stock exchange(s). The provisions of these regulations which become applicable to listed entities on the basis of the criterion of the value of outstanding listed debt securities shall continue to apply to such entities even if they fall below such thresholds.
- The regulation 15 and regulation 16 to regulation 27 of SEBI (LODR) Regulations, 2015, w.r.t. the corporate governance provisions shall apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rs. 500 crore and above.

However, in case an entity that has listed its non-convertible debt securities triggers the specified threshold of Rs. 500 crore during the course of the year, it shall ensure compliance with these provisions within six months from the date of such trigger.

Further, it has been provided that these provisions shall be applicable to a ‘high value debt listed entity’ on a ‘comply or explain’ basis until March 31, 2023 and on a mandatory basis thereafter.

- **Intimation to stock exchange(s) [Regulation 50].**

(1) The listed entity shall give prior intimation to the stock exchange of at least two working days

in advance, excluding the date of the intimation and the date of the meeting of the board of directors, about the Board meeting in which any of the following proposals is to be considered:

- (a) an alteration in the form or nature of non-convertible securities that are listed on the stock exchange or in the rights or privileges of the holders thereof;
- (b) an alteration in the date of the interest/ dividend/ redemption payment of non-convertible securities;
- (c) financial results viz. quarterly or annual, as the case may be;
- (d) fund raising by way of issuance of non-convertible securities; or
- (e) any matter affecting the rights or interests of holders of non-convertible securities.

(2) The listed entity shall also intimate the stock exchange not later than the date of commencement of dispatch of notices, in case of:

- (a) any annual general meeting or extraordinary general meeting that is proposed to be held for obtaining shareholder approval for the proposals at clauses (c) and (d) mentioned above;
- (b) any meeting of the holders of non-convertible securities in relation to the proposal at clause (e) mentioned above.

- **Financial Results. [Regulation 52]**

(1) The listed entity shall prepare and submit un-audited or audited quarterly and year to date standalone financial results on a quarterly basis in the format as specified by the Board within forty- five days from the end of the quarter, other than last quarter, to the recognised stock exchange(s).

However, in case of entities which have listed their debt securities, a copy of the financial results submitted to stock exchanges shall also be provided to Debenture Trustees on the same day the information is submitted to stock exchanges.

(2) The listed entity shall comply with following requirements with respect to preparation, approval, authentication and publication of annual and quarterly financial results:

(a) Un-audited financial results on quarterly basis shall be accompanied by limited review report prepared by the statutory auditors of the listed entity, in the format as specified by the Board:

Provided that in case of issuers whose accounts are audited by the Comptroller and Auditor General of India, the report shall be provided by any practising Chartered Accountant.

(b) The quarterly results shall be taken on record by the board of directors and signed by the managing director / executive director.

(c) The audited results for the year shall be submitted to the recognised stock exchange(s) in the same format as is applicable for quarterly financial results.

(d) The annual audited standalone and consolidated financial results for the financial year shall be submitted to the stock exchange(s) within sixty days from the end of the financial year along with the audit report:

Provided that issuers, who are being audited by the Comptroller and Auditor General of India, shall adopt the following two step process for disclosure of the annual audited financial results:

- (i) The first level audit shall be carried out by the auditor appointed by the Comptroller and Auditor General of India, who shall audit the financials of the listed entity and such financial results shall be submitted to the Stock Exchange(s) within sixty days from the end of the financial year.

- (ii) After the completion of audit by the Comptroller and Auditor General of India, the financial results shall be submitted to the Stock exchange(s) within nine months from the end of the financial year.

(e) Modified opinion(s) in audit reports/limited review reports that have a bearing on the interest payment/ dividend payment pertaining to non-convertible securities/ redemption or principal repayment capacity of the listed entity shall be appropriately and adequately addressed by the board of directors while publishing the accounts for the said period.

(f) The listed entity shall also submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities and statement of cash flows as at the end of the half year.

- **Intimations/ other submissions to stock exchange(s). [Regulation 57]**

(1) The listed entity shall submit a certificate to the stock exchange within one working day of the interest or dividend or principal becoming due regarding status of payment in case of non-convertible securities.

For details: https://www.sebi.gov.in/legal/regulations/sep-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2021_52488.html

(5) SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 (November 09, 2021)

SEBI vide its notification dated November 09, 2021, amended the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall come into force with effect from April 1, 2022 unless otherwise specified in the respective provision of the regulation.

- The amendments, inter-alia, have been carried out in the definitions of Related Party and Related Party transactions.

In the existing provision under Regulation 2(1)(zb) it was provided that, any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

However, vide this amendment, it is provided that, any person or entity forming a part of the promoter or promoter group or any person or any entity, holding equity shares of 20% or more (10% w.e.f. 1st April, 2023) in the listed entity either directly or on a beneficial interest basis, at any time, during the immediate preceding financial year, shall be deemed to be a related party.

Further, the definition of related party transaction under regulation 2(1)(zc), has been substituted with the following, namely, -

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).”

- In the existing provisions, it was provided that, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Vide this amendment, it is provided that, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds Rs. 1000 crore or 10%** of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.”

- In regulation 23(2), after the words “party transactions” the words “and subsequent material modifications” shall be inserted and the words and symbol “audit committee.” shall be substituted with the words and symbol “audit committee of the listed entity:”

Vide this amendment, it is clarified that even the subsequent material modifications in a related party transaction shall require prior approval of the audit committee of the listed entity.

- In regulation 23(2), after the existing proviso, the following shall be inserted, namely, -
“Provided further that:

(a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation : For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.”

- In regulation 23(4), after the words “related party transactions” the words and symbol “and subsequent material modifications as defined by the audit committee under sub-regulation (2),” shall be inserted and after the words “shall require” the word “prior” shall be inserted.

Vide this amendment it is clarified that **prior** approval of shareholders shall be required for material related party transactions.

- In regulation 23(4), before the existing proviso, the following shall be inserted, namely, -
“Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.”

- In regulation 23(5), after clause (b), the following new clause shall be inserted, namely, -
“(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.”

- Regulation 23(7) shall be omitted

Omitted Provision:

For the purpose of this regulation, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

- Regulation 23(9) shall be substituted with the following, namely, -

“(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided that a ‘high value debt listed entity’ shall submit such disclosures along with its standalone financial results for the half year:

Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.”

For details: https://www.sebi.gov.in/legal/regulations/nov-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-sixth-amendment-regulations-2021_53851.html

**(6) Disclosure obligations of listed entities in relation to Related Party Transactions
(Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021)**

Background.

Vide notification dated November 9, 2021, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (‘LODR Regulations’) was amended, inter-alia, mandating listed entities that have listed specified securities to submit to the stock exchanges disclosure of Related Party Transactions (RPTs) in the format specified by the Board from time to time.

SEBI vide this circular has prescribed the information to be placed before the audit committee and the shareholders for consideration of RPTs.

A. Information to be reviewed by the Audit Committee for approval of RPTs

The listed entity shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity’s annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary’s annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;

- cost of funds; and
 - tenure;
- iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

g. Justification as to why the RPT is in the interest of the listed entity;

h. A copy of the valuation or other external party report, if any such report has been relied upon;

i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

B. Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

a. A summary of the information provided by the management of the listed entity to the audit committee as specified above;

b. Justification for why the proposed transaction is in the interest of the listed entity;

c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)

d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;

e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;

f. Any other information that may be relevant.

C. Format for reporting of RPTs to the Stock Exchange

The listed entity shall make RPT disclosures every six months in the format provided at Annex to this circular.

This Circular shall come into force with effect from April 1, 2022.

For details: https://www.sebi.gov.in/legal/circulars/nov-2021/disclosure-obligations-of-listed-entities-in-relation-to-related-party-transactions_54113.html

MISCELLANEOUS
SEBI (Delisting of Equity Shares) Regulations, 2021

(1) (Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (June 11, 2021))

With an objective to make the delisting process more transparent and efficient, the SEBI vide gazette notification dated June 11, 2021 has notified the SEBI (Delisting of Equity Shares) Regulations, 2021 which shall be applicable to delisting of equity shares of a company including equity shares having superior voting rights from all or any of the recognised stock exchanges where such shares are listed.

The SEBI (Delisting of Equity Shares) Regulations, 2009, stand repealed from the date on which these regulations come into force.

For details: <https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-delisting-of-equity-shares-regulations-2021-last-amended-on-august-3-2021-50517.html>
