



गेल (इंडिया) लिमिटेड

(भारत सरकार का उपक्रम – महारत्न कंपनी)

GAIL (India) Limited

(A Government of India Undertaking - A Maharatna Company)

गेल भवन,  
16 भीकाएजी कामा प्लेस  
नई दिल्ली-110066, इंडिया  
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Dated: 10.08.2023

General Manager  
Corporate Finance Department  
The Securities and Exchange Board of India  
SEBI Bhavan BKC,  
G Block, Plot No. C- 4A, G Block Road  
Bandra Kurla Complex, Bandra East  
Mumbai, Maharashtra -400051

**Subject: Request for informal guidance by way of an interpretative letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection to the SEBI (Listing Obligations and Disclosure Requirements), (Second Amendment) Regulations, 2023 dated 14<sup>th</sup> June 2023**

Sir/Madam,

We submit this application seeking informal guidance from the Securities and Exchange Board of India ("SEBI") in the form of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 with respect to Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023.

The details pertaining to factual background, legal requirement and query in respect of which clarification is being sought are enclosed as Annex-I i.e. Brief for seeking guidance on Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), (Second Amendment) Regulations, 2023.

### **Request for Interpretative Letter**

In light of the submission made in the brief and the relevant regulations cited therein, we request to issue an informal guidance by way of an interpretative letter under paragraph 5(ii) of the Informal Guidance Scheme in respect of Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), (Second Amendment) Regulations, 2023.

### **3. Compliance with Paragraph 6 of the Informal Guidance Scheme**

In accordance with paragraph 6 of the Informal Guidance Scheme, the payment for an amount of Rs. 29,500/- (Rupees Twenty Nine Thousand Five Hundred Only) inclusive of GST @18% has been made vide **UTR Number N221232588955696** dated 09.08.2023 as per following bank details:

Name of the Bank: ICICI Bank Limited  
IFCS Code: ICIC0000106  
Beneficiary Name: Securities Exchange Board of India

सीआईएन/CIN  
L40200DL1984GO1018976  
www.gailonline.com

Account No.: SEBIRCCFDINFMGUIDFEE

It is requested to kindly provide invoice copy of the same.

The undersigned shall be pleased to furnish any additional information as may be required in support of this application. Kindly arrange for an early response.

Thanking you,  
Yours faithfully,

For GAIL (India) Limited

*Mahesh Agarwal*

(Mahesh Kumar Agarwal)  
Company Secretary

**Encl.:** As above

**Brief for seeking guidance on SEBI (Listing Obligations and Disclosure Requirements), (Second Amendment) Regulations, 2023 dated 14<sup>th</sup> June 2023.**

**1. BACKGROUND**

- 1.1 GAIL (India) Limited (hereinafter called the 'GAIL') is a Government Company u/s 2(45) of the Companies Act, 1956, incorporated on 16<sup>th</sup> August, 1984 in accordance with the provision of the Companies Act, 1956. GAIL's Corporate Identification Number is L40200DL1984GOI018976 and its registered office is located at 16, Bhikaiji Cama Place, R K Puram, New Delhi-110066, India.
- 1.2 GAIL is India's flagship natural gas company with integrated operations across the value chain, including exploration and production, processing, transmission, distribution, marketing and related services.
- 1.3 On 14<sup>th</sup> June, 2023 SEBI notified SEBI (Listing Obligations and Disclosure Requirements), (Second Amendment) Regulations, 2023 wherein certain amendments were made to the SEBI LODR Regulations, 2015. The said regulations have come into effect from 14.07.2023.
- 1.4 More particularly, amendments were made to Regulation 30 of SEBI LODR Regulations, 2015. Further, certain additional events were specified in Schedule III, Part A, Para A and Para B.
- 1.5 Schedule III, Part A, Para A deals with events which are deemed to be material and which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30). Whereas, Schedule III, Part A, Para B deals with events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30).
- 1.6 On 13<sup>th</sup> July 2023, SEBI issued a Circular titled "Disclosure of material events / information by listed entities under Regulations 30 and 30A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015" (Circular Number- CIRCULARSEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123). The said Circular has come into effect from 15.07.2023.
- 1.7 Being a listed company, the said regulations are applicable to GAIL and hence, GAIL is required to make disclosures of events as specified in Schedule III, Part A, Para A and Para B.

**2. LEGAL PROVISIONS**

- 2.1 SEBI LODR Regulations, 2015 were amended w.e.f. 14.07.2023. As per amendments: In Schedule III, PART A, Para B (i.e. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation 30), Point No. 8 states as follows:

*“8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.”*

2.2 Further, as per amended Regulation 30(4), of SEBI LODR Regulations, 2015 the above-mentioned event should fulfil the guidelines for materiality which is stated as under:

- (i) The listed entity shall consider the following criteria for determination of materiality of events/ information:
  - (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
  - (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; or
  - (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
    - (1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
    - (2) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
    - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity;

2.3 Additionally, Annexure I Part B (Pt. No. 8) at Page No. 15 of the SEBI Circular dated 13.07.2023 states that:

*“The Company shall notify the stock exchange(s) upon it or its director or its key management personnel or its senior management or its promoter or its subsidiary becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the listed entity, the outcome of which can reasonably be expected to have an impact. In case the amount involved in ongoing litigations or disputes with an opposing party become material on a cumulative basis, then the same shall also be required to be disclosed to the stock exchange(s).*

*8.1 At the time of becoming the party:*

- a) brief details of litigation viz. name(s) of the opposing party, court/ tribunal/agency where litigation is filed, brief details of dispute/litigation;*
- b) expected financial implications, if any, due to compensation, penalty etc.;*
- c) quantum of claims, if any;*

*8.2. Regularly till the litigation is concluded or dispute is resolved:*

- a) the details of any change in the status and / or any development in relation to such proceedings;*
- b) in the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and / or any development in relation to such proceedings;*

*c) in the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the listed entity.”*

### **3. QUERIES**

In the light of the aforesaid, clarification may be provided by SEBI under the Informal Guidance Scheme, 2003, w.r.t the following:

#### **A. Pertaining to SEBI (Listing Obligations and Disclosure Requirements), (Second Amendment) Regulations, 2023**

Reference is made to Point No. 8 of Part B (Schedule III), viz. *“Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.”*

- a. Whether details of arbitral proceedings of pending arbitration matters or arbitral awards can be disclosed to SEBI as it may contravene Section 42A of Arbitration and Conciliation Act, 1996 which states as follows:

***“Section 42A. Confidentiality of information***

*Notwithstanding anything contained in any other law for the time being in force, the arbitrator, the arbitral institution and the parties to the arbitration agreement shall maintain confidentiality of all arbitral proceedings except award where its disclosure is necessary for the purpose of implementation and enforcement of award.”*

#### **B. Pertaining to SEBI Circular dated 13.07.2023**

Part B (Pt. No. 8) at Page No. 15 states that *“The Company shall notify the stock exchange(s) upon it or its director or its key management personnel or its senior management or its promoter or its subsidiary becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the listed entity, the outcome of which can reasonably be expected to have an impact. In case the amount involved in ongoing litigations or disputes with an opposing party become material on a cumulative basis, then the same shall also be required to be disclosed to the stock exchange(s).”*

- a. What does ‘cumulative basis’ mean? Whether it includes
- i. In case there are multiple litigations/cases with the same party, whether the claims by/against the said party in all such multiple litigations/cases are to be taken together for arriving at the cumulative figure (deciding materiality)?
  - ii. In any single litigation/case, whether claim by the listed entity and counter-claim against the listed entity needs to be added together, for the purpose of arriving at the cumulative figure (deciding materiality)?

We request you to provide your guidance on the queries set out above.

In view of the lack of clarity w.r.t. disclosure requirements as discussed above, information regarding arbitration matters which may fall under guidelines of materiality may be put on hold till the time guidance is pending from SEBI.

Further, any other guidance as deemed appropriate may be given to ensure better compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirement), 2015.