

## **Review of Continuous Disclosure Requirements for Listed Entities**

### **1.0 Objective**

1.1 This memorandum seeks to review the existing regulatory framework on continuous disclosure norms for listed entities and proposes measures to make the framework more effective by amending regulation 22 of proposed SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “regulation 22 of listing regulations”) which were approved by the SEBI Board in its meeting held on November 19, 2014 and are yet to be notified.

It may be mentioned here that the aforesaid Regulations were formulated after consolidating the obligations and requirements under listing agreement entered into by the listed entities with the stock exchanges.

### **2.0 Background**

2.1 The investors need adequate disclosures at the time of capital issue by the issuers and also on a continuous basis to take well informed investment decisions. SEBI has specified detailed disclosures at the time of new capital issues which have been reviewed from time to time. However, continuous disclosure requirements were reviewed in the year 1998 based on recommendation of a committee set up by SEBI. Listing agreement was amended accordingly. Recently the requirements in listing agreement have been converted into listing regulations which have been approved by the Board.

2.2 Regulation 22 of the Listing Regulations specifies continuous disclosure requirements. The provisions of Clauses 20, 22, 25, 27, 29, 30, 31, 36 and 53 of the Equity Listing Agreement specifying various disclosure requirements have been consolidated and incorporated in regulation 22. While the listing regulations were approved by the Board, this issue was being reviewed separately.

### **3.0 Need for review**

3.1 It has been observed that the listed entities were following different standards of disclosures, different level of information available with the investors in respect of different companies. Further, the material information is not necessarily

disseminated by listed entities first to the stock exchange(s). Timely, adequate and accurate disclosure of information on an ongoing basis would enable the investors to make well informed investment decisions.

#### **4.0 Process of review**

4.1 Taking into consideration the recommendations of Primary Market Advisory Committee (PMAC), suggestions received during meetings held with the listed entities, stock exchange(s), feedback from other departments of SEBI, a discussion paper was prepared and placed on the SEBI website on August 19, 2014 for public comments.

4.2 A large number of comments were received from listed entities, law firms, journalists, industry bodies, merchant bankers, academic bodies, stock exchanges, banks, etc. on the discussion paper.

4.3 Thereafter, a comprehensive report containing discussion paper, public comments received thereon and study of continuous disclosure norms in India vis-à-vis international practices were placed before PMAC once again for its recommendations in its meeting held on December 01, 2014. Based on these, the following major changes in respect of continuous disclosure requirements are being proposed.

#### **5.0 Changes proposed to Regulation 22**

##### **5.1 Time period within which the disclosures need to be made**

###### **Current requirement**

Listed entity has to promptly inform stock exchange(s) of all events which are material and/or information which is price sensitive and have bearing on performance/operations of the listed entity. However, the Schedule III to the Listing Regulations specifically provides that the outcome of meeting of the board of directors may be intimated to stock exchange(s) within 15 minutes of the closure of the meeting of Board of Director(s), held to decide matters relating to dividend, bonus, buyback, further public issues, change in capital, etc.

## **Proposal**

Many of the listed entities have expressed difficulties in meeting the timeline of disclosing the decisions taken in their board meetings within 15 minutes. Also, they have interpreted the other requirement of disclosing 'promptly' in various ways. Therefore, it is proposed that -

- i. Disclosure of outcome of board meetings shall be made within 30 minutes of the closure of the meeting of Board of Director(s), as against 15 minutes.
- ii. The listed entity shall make the disclosure of all events/information, first to stock exchange, as soon as reasonably practicable and not later than 24 hours of occurrence of event/information. In cases where the listed entity is unable to disclose information within 24 hours due to any reason, it shall provide explanation for the delay.

### **5.2 Updation of information / event after disclosure**

**Current requirement:** The present requirement is that the listed entity shall make disclosure at the time of occurrence and subsequently after cessation of the event/information. However, there is no requirement for regular updation of information during the course of the event.

**Proposal:** In addition to the current requirement, the updation of disclosure on material developments shall also be made on a regular basis till such time the event/information is resolved/closed with explanations wherever necessary.

### **5.3 Disclosure on website of the listed entity**

**Current requirement:** At present there is no requirement for the listed entities to disclose information on their websites.

**Proposal:** The listed entity shall disclose on its website all events/ information which is material and such information shall be hosted for a minimum period of 5 years and

thereafter as per the archival policy of the listed entity, as disclosed on its website. It may be mentioned here that the listing regulations (including listing agreement) already provide for the requirement of maintaining a website by the listed entities.

#### **5.4 Disclosures with respect to Subsidiaries**

**Current requirement:** There is no specific requirement in this regard.

**Proposal:** The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.

#### **5.5 Rumour Verification**

**Current requirement:** Though there is no requirement in listing agreement, stock exchange(s) conduct rumour verification based on surveillance alerts and media reports.

#### **Proposal**

- i. The listed entity shall provide specific and adequate reply to queries of stock exchange(s) with respect to rumours. Listed entity may on its own initiative also, confirm or deny any reported information to Stock Exchange(s).
- ii. Stock exchange(s) shall disseminate the information and clarification, as soon as reasonably practicable.

#### **5.6 Policy of determining materiality**

**Current requirement:** Although the regulations require disclosure of material information, no specific guidelines for determination of materiality have been provided, leading to different levels of disclosures by the listed entities.

#### **Proposal:**

While certain quantitative criteria for determination of materiality were also proposed in the discussion paper, based on public comments and recommendation of PMAC,

it is felt that such criteria may not be practical in implementation. Therefore, it is proposed that broad principle based criteria may be specified in this regard-

- i. In order to determine whether a particular event/information is material, the listed entity shall consider following criteria:
  - the omission of an event/information, which is likely to result in discontinuity / alteration of information already available publicly; or result in significant market reaction if the said omission came to light at a later date;
  - if in the opinion of the Board of Directors of the listed entity, the event / information is considered material
- ii. The Board of the listed entity shall frame a policy for determination of materiality, which shall be disclosed on its website. The Board shall also delegate/authorize one or more Key Managerial Personnel of the listed entity to make disclosures and contact details of such delegated authority shall be disclosed on its website and to the stock exchange(s).

#### **6.0 Changes proposed to schedule III - List of events upon occurrence of which the listed entity shall make disclosure**

**Current requirement:** Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 specifies certain list of events which are material and / or information which is price sensitive and have bearing on the performance/operations of the listed entity.

#### **Proposal**

- i. The existing list of events has been rationalized, consolidated, enhanced for clarity and categorized into two parts:
  - Events which are by nature material i.e. those that necessarily require disclosure without any discretion by the listed entity. Based on review, 14 events come under this head.

- Events which shall be construed to be material based on application of the guidelines for materiality, as specified by SEBI. Based on review, 12 events come under this head.
- ii. Apart from the above, listed entity may make disclosures of events/information as may be considered necessary.

## **7.0 Indicative list of information which may be disclosed upon occurrence of specified events – to be specified by way of Circular**

**Current requirement:** At present broad nature of events/ information requiring disclosures have been specified. However, it has been observed that the level of disclosures varies amongst listed entities, many a time resulting in disclosures being made in letter and not in spirit.

**Proposal:** Apart from the broad events / information, we may specify an indicative list of information which may be disclosed upon occurrence of events specified in Schedule III. This indicative list is to provide guidance, to ensure adequate disclosure of relevant information instead of giving sketchy information. This will be specified by way of a circular by SEBI.

## **8.0 Cost Benefit Analysis**

8.1 The basic purpose of the proposed amendments is to provide guidance to the listed entities for making timely and adequate disclosures. In fact they are supposed to provide such information to the market in normal course. Therefore, for those listed entities which are already practicing good governance by making adequate disclosures, the proposed rationalization would only result in guidance and will not increase the cost of compliance.

8.2 Providing a list of events/information, qualitative guidelines for determining materiality and indicative list of information which may be disclosed in case of occurrence of events, would ensure transparency and maintenance of parity of information in line with international standards.

8.3 The timely and adequate disclosure of information by the listed entities would enable the investors to make well informed investment decisions. On the other hand, the impact cost of these disclosures not reaching the investors in a timely manner, would be reduced. This would only result in better price discovery and reduce the likelihood of manipulation and insider trading.

#### **9.0 Proposed regulation 22, schedule III, circular and detailed point wise analysis**

9.1 The proposed regulation 22, schedule and list of indicative information (to be issued by way of circular), will be on the lines of Annexure A.

9.2 The detailed proposals in the discussion paper, current requirements, public comments, recommendations of PMAC, etc. are placed at Annexure B for information.

#### **10.0 Proposals for consideration**

10.1 The Board is requested to consider and approve the recommendations mentioned under paragraphs 5, 6 and 7 above.

10.2 The Board is also requested to authorize the Chairman to take consequential and incidental steps to give effect to the decision of the Board.

**Proposed Regulation 22 to be substituted in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

1. The listed entity shall first disclose to stock exchange(s) of all events or information, as specified in schedule III, as soon as reasonably practicable and not later than 24 hours of occurrence of event/information with an exception in case of events specified in Clause A (4) of the Schedule III where the disclosures shall be made within 30 minutes of the outcome of the board meeting.

Provided that in case the disclosure is made after 24 hours of occurrence of event/information, the listed entity shall, along with such disclosure provide explanation for delay.

2. The listed entity shall make disclosure of event/information specified in Clause A of Schedule III.
3. The listed entity shall make disclosure of event/information specified in Clause B of Schedule III, based on application of the guidelines for materiality, as specified at sub-regulation (6) below.
4. The listed entity shall make disclosure referred in sub-regulation (1) to stock exchange(s) at the time of occurrence of the event /information and where applicable, make regular disclosures on the material developments including withdrawal or cancellation, already disclosed, along with necessary explanation, till such time the event/information is resolved/closed.
5. (i) The listed entity shall disclose on its website all such events/information which has been disclosed to stock exchange(s) under sub-regulation (1).  
  
(ii) The disclosures as above shall be hosted on the website of the listed entity for minimum period of 5 years and thereafter as per the archival policy of the listed entity, as disclosed on its website.
6. The listed entity shall consider the following criteria for determination of materiality of events/ information:
  - (a) *the omission of an event/information, which is likely to result in discontinuity / alteration of event or information already available publicly; or result in significant market reaction if the said omission came to light at a later date;*
  - (b) *if in the opinion of the board of directors of listed entity, the event / information is considered material.*
7. The listed entity shall frame a policy for determination of materiality, based on criteria referred in sub-regulation 6, duly approved by its board of directors, which shall be disclosed on its website.



8. The board of directors of the listed entity shall authorize one or more Key Managerial Personnel to make disclosures to stock exchange(s) under this regulation and disclose contact details, of such authority on its website and to the stock exchange(s).
9. The listed entity shall disclose all events/information with respect to subsidiaries which are material for the listed entity.
10. The listed entity, shall provide specific and adequate reply to queries raised by stock exchange(s) with respect to events/ information not disclosed or informed to the stock exchange(s).

Provided that the listed entity may on its own initiative also, confirm or deny any reported information to stock exchange(s).

Provided further, that stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.

### **Schedule**

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):

**A. Events/information which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (6) & (7):**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
3. Revision in Rating(s).
4. Outcome of meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
  - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
  - b) any cancellation of dividend with reasons thereof;
  - c) the decision on buyback of securities;
  - d) the decision with respect to fund raising proposed to be undertaken
  - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would be credited/dispatched;
  - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
  - g) short particulars of any other alterations of capital, including calls;

- h) financial results;
  - i) decision on voluntary delisting by the listed entity from stock exchange(s).
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
  6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
  7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
  8. Appointment or discontinuation of share transfer agent.
  9. Corporate debt restructuring.
  10. One time settlement with a bank.
  11. Reference to BIFR and winding-up petition filed by any party / creditors.
  12. Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
  13. Proceedings of annual and extraordinary general meetings of the listed entity.
  14. Amendments to memorandum and articles of association of listed entity, in brief.

**B. Events/information which shall be disclosed upon application of the guidelines for materiality referred in sub-regulation (6) & (7):**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

- C. Any other information viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
- D. Without prejudice to the generality of clause (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

## **Circular**

### **Indicative list of information which may be disclosed upon occurrence of event/ information**

1. While the timely dissemination of an event/information is essential, the adequacy disclosure determines the usefulness of the information. Inadequate disclosure of information is equivalent to non disclosure.
  2. This indicative list of information aims to provide guidance to a listed entity with respect to items which may be disclosed upon occurrence of events. The said list is indicative and the necessity or obligation to make the requisite disclosure depends upon the facts of each case.
  3. The listed entity may disclose one or more of the details or any other additional details regarding the event as deemed necessary. Where, the listed entity decides not to disclose one or more of such details, as provided, it may state appropriate reasoning for the same, as part of the disclosure.
- A. The following shall be events or information which shall be disclosed to stock exchange(s) without any application of the guidelines for materiality as specified in sub-regulation (6) & (7):**
1. **Acquisition(s), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring:**
    - 1.1. **Acquisition / agreement to acquire:**
      - a) name of the target entity, details in brief such as size, turnover etc.;
      - b) whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”;

- c) industry to which the entity being acquired belongs;
- d) objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);
- e) brief details of any governmental or regulatory approvals required for the acquisition;
- f) indicative time period for completion of the acquisition;
- g) cost of acquisition or the price at which the shares are acquired;
- h) nature of consideration - whether cash consideration or share swap and details of the same;
- i) percentage of shareholding / control acquired and / or number of shares acquired;
- j) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);

[Explanation: For the purpose of the above disclosures the term 'acquisition' shall have the same meaning as defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011].

#### **1.2. Amalgamation/ Merger:**

- a) name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
- b) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- c) area of business of the entity(ies);
- d) rationale for amalgamation/ merger;
- e) in case of cash consideration amount or otherwise share entitlement/exchange ratio in relation to the amalgamation/merger;
- f) brief details of change in shareholding pattern (if any)of listed entity.

#### **1.3. De-merger:**

- a) brief details of the division to be demerged;
- b) turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year;
- c) rationale for demerger;
- d) brief details of change in shareholding pattern (if any)of all entities;
- e) in case of cash consideration – amount or otherwise share exchange ratio;
- f) whether listing would be sought for the resulting entity.

**1.4. Sale or disposal of unit or division or subsidiary of the listed entity:**

- a) the amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year;
- b) date on which the agreement for sale has been entered into;
- c) the expected date of completion of sale/disposal;
- d) consideration received from such sale/disposal;
- e) brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof;
- f) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- g) additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.

For the purpose of this sub-clause, "slump sale" shall mean the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.

**1.5. Other Restructuring:**

- a) details and reasons for restructuring;
- b) quantitative and/ or qualitative effect of restructuring;
- c) details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring;
- d) brief details of change in shareholding pattern (if any) of all entities.

**2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.**

**2.1. Issuance of securities:**

- a) type of securities proposed to be issued (viz. equity shares, convertibles etc.);
- b) type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc);
- c) total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
- d) in case of preferential issue the listed entity shall disclose the following additional details to the stock exchange(s):
  - i. names of the investors;
  - ii. post allotment of securities: -outcome of the subscription, issue price / allotted price (in case of convertibles) , number of investors;

- iii. in case of convertibles; intimation on conversion of securities or on lapse of the tenure of the instrument;
- e) in case of bonus issue the listed entity shall disclose the following additional details to the stock exchange(s):
- i. whether bonus is out of free reserves created out of profits or share premium account;
  - ii. bonus ratio;
  - iii. details of share capital - pre and post bonus issue;
  - iv. free reserves and/ or share premium required for implementing the bonus issue;
  - v. free reserves and/ or share premium available for capitalization and the date as on which such balance is available;
  - vi. whether the aforesaid figures are audited;
  - vii. estimated date by which such bonus shares would be credited/dispatched;
- f) in case of issuance of depository receipts (ADR/GDR) or FCCB the listed entity shall disclose following additional details to the stock exchange(s):
- i. name of the stock exchange(s) where ADR/GDR/FCCBs are listed (opening – closing status) / proposed to be listed;
  - ii. proposed no. of equity shares underlying the ADR/GDR or on conversion of FCCBs;
  - iii. proposed date of allotment , tenure , date of maturity and coupon offered, if any of FCCB's;
  - iv. issue price of ADR/GDR/FCCBs (in terms of USD and in INR after considering conversion rate );
  - v. change in terms of FCCBs, if any;
  - vi. details of defaults, if any, by the listed entity in payment of coupon on FCCBs & subsequent updates in relation to the default, including the details of the corrective measures undertaken (if any);
- g) in case of issuance of debt securities or other non convertible securities the listed entity shall disclose following additional details to the stock exchange(s):
- i. size of the issue;
  - ii. whether proposed to be listed? If yes, name of the stock exchange(s);
  - iii. tenure of the instrument - date of allotment and date of maturity;
  - iv. coupon/interest offered, schedule of payment of coupon/interest and principal;
  - v. charge/security, if any, created over the assets;
  - vi. special right/interest/privileges attached to the instrument and changes thereof;
  - vii. delay/ default in payment of interest / principal amount for a period of more than three months from the due date;
  - viii. details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any;

- ix. details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures;
- h) any cancellation or termination of proposal for issuance of securities including reasons thereof.

**2.2. Split/consolidation of shares:**

- a) split/consolidation ratio;
- b) rationale behind the split/consolidation;
- c) pre and post share capital – authorized, paid-up and subscribed;
- d) expected time of completion;
- e) class of shares which are consolidated or subdivided;
- f) number of shares of each class pre and post split or consolidation;
- g) number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.

**2.3. Buy back of securities:**

- a) number of securities proposed for buyback;
- b) number of securities proposed for buyback as a percentage of existing paid up capital;
- c) buyback price;
- d) actual securities in number and percentage of existing paid up capital bought back;
- e) pre & post shareholding pattern.

**2.4. Any restriction on transferability of securities:**

- a) authority issuing attachment or prohibitory orders;
- b) brief details and reasons for attachment or prohibitory orders;
- c) name of registered holders against whom restriction on transferability has been placed;
- d) total number of securities so affected;
- e) distinctive numbers of such securities if applicable;
- f) period for which order would be applicable (if stated).

**2.5. Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to:**

- a) forfeiture of shares;
- b) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- c) proposal to issue any class of securities;
- d) alterations of capital, including calls;
- e) change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the listed entity.

**3. Revision in Rating(s)**

The listed entity shall notify the stock exchange(s), the details of any new rating or revision in rating assigned from a credit rating agency to any debt instrument of the listed entity or to any fixed deposit programme or to any scheme or

proposal of the listed entity involving mobilization of funds whether in India or abroad. In case of a downward revision in ratings, the listed entity shall also intimate the reasons provided by the rating agency for such downward revision.

4. **Outcome of meetings of the board of directors:** The listed entity shall intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide the following:
- 4.1. dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
  - 4.2. any cancellation of dividend with reasons thereof;
  - 4.3. the decision on buyback of securities;
  - 4.4. the decision with respect to fund raising proposed to be undertaken;
  - 4.5. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would be credited/dispatched;
  - 4.6. reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
  - 4.7. short particulars of any other alterations of capital, including calls;
  - 4.8. financial results;
  - 4.9. decision on voluntary delisting by the listed entity from stock exchange(s);

The intimation of outcome of meeting of the board of directors shall also contain the time of commencement and conclusion of the meeting.

5. **Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof:**

- 5.1. name(s) of parties with whom the agreement is entered;
- 5.2. purpose of entering into the agreement;
- 5.3. shareholding, if any, in the entity with whom the agreement is executed;
- 5.4. significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- 5.5. whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- 5.6. whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- 5.7. in case of issuance of shares to the parties, details of issue price, class of shares issued;
- 5.8. any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;
- 5.9. in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):
  - 5.9.1. name of parties to the agreement;
  - 5.9.2. nature of the agreement;



- 5.9.3. date of execution of the agreement;
- 5.9.4. details of amendment and impact thereof or reasons of termination and impact thereof.

**6. Fraud/ Defaults by promoter or key managerial personnel or by the listed entity or arrest of key managerial personnel or promoter:**

**6.1. At the time of unearthing of fraud or occurrence of the default / arrest:**

- a) nature of fraud/default/arrest;
- b) estimated impact on the listed entity;
- c) time of occurrence;
- d) person(s) involved;
- e) estimated amount involved (if any);
- f) whether such fraud/default/arrest has been reported to appropriate authorities.

**6.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default/arrest including:**

- a) actual amount involved in the fraud /default (if any);
- b) actual impact of such fraud /default on the listed entity and its financials; and
- c) corrective measures taken by the listed entity on account of such fraud/default.

**7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer:**

- a) reason for change viz. appointment, resignation, removal, death or otherwise;
- b) date of appointment/cessation (as applicable) & term of appointment;
- c) brief profile (in case of appointment);
- d) disclosure of relationships between directors (in case of appointment of a director).

**8. Appointment or discontinuation of share transfer agent:**

- a) reason for appointment or discontinuation;
- b) date on which above would become effective.

**9. Corporate debt restructuring (“CDR”):**

- a) whether CDR is voluntary or referred by lenders/creditors and reasons for opting;
- b) details of the loan to be subjected to restructuring under CDR;
- c) brief details of the CDR proposal (if any);
- d) the following updates to be provided at the time of the execution and at various stages of the implementation of the CDR scheme;
  - i. upon execution of any agreement in relation to the CDR proposal, disclose details such as date of execution, parties to the agreement and principal terms;

- ii. details of final CDR package as approved by RBI and the lenders;
- iii. creditors involved;
- iv. brief summary of the CDR scheme including details of the securities, interest payment, repayment schedule, negative and other restrictive covenants.

**10. One time settlement (OTS) with a Bank:**

- a) reasons for opting for OTS;
- b) brief summary of the OTS.

**11. Reference to BIFR and winding-up petition filed by any party / creditors:**

- a) reasons for such a reference/petition;
- b) impact of such reference/petition on listed entity.

**12. Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity and the following:**

- a) date of notice/call letters/resolutions etc.;
- b) brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.

**13. Proceedings of annual and extraordinary general meetings of the listed entity and the following details in brief:**

- a) date of the meeting;
- b) brief details of items deliberated and results thereof;
- c) manner of approval proposed for certain items (e-voting etc.).

**14. Amendments to memorandum and articles of association of listed entity, in brief.**

**B. The following shall be events or information which shall be disclosed to stock exchange on which listed entity may apply materiality as per requirements of sub-regulation (6) & (7) :**

**1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division:**

The listed entity shall notify the stock exchange(s) regarding the commencement of commercial production or the commencement of commercial operations of any unit/division. In cases where the listed entity has made prior intimation of date of commencement of commercial production or operations, the listed entity shall be required to disclose details in case of postponement of the date of commencement.

**2. Change in the general character or nature of business brought about by:**

**2.1. Arrangements for strategic, technical, manufacturing, or marketing tie-up:**

- 2.1.1. Agreement / joint venture (JV) with companies:

- a) name of the entity(ies) with whom agreement/ JV is signed;
- b) area of agreement/JV;
- c) domestic/International;
- d) share exchange ratio / JV ratio;
- e) scope of business operation of agreement / JV;
- f) details of consideration paid / received in agreement / JV;
- g) significant terms and conditions of agreement / JV in brief;
- h) whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length";
- i) size of the entity(ies);
- j) rationale and benefit expected.

2.1.2. In the event that any such arrangement is called off for any reason, the same shall be disclosed along with the reasons for calling off the proposal.

**2.2. Adoption of new lines of business:**

- a) industry or area to which the new line of business belongs to;
- b) expected benefits;
- c) estimated amount to be invested.

**2.3. Closure of operations of any unit/division - (entirety or piecemeal):**

- a) date of such binding agreement, if any, entered for sale of such unit/division, if any;
- b) amount & percentage of turnover or revenue or income and net worth of the listed entity contributed by such unit or division during the last financial year;
- c) date of closure or estimated time of closure;
- d) reasons for closure.

**3. Capacity addition or product launch**

**3.1. Capacity addition:**

- a) existing capacity;
- b) existing capacity utilization;
- c) proposed capacity addition;
- d) period within which the proposed capacity is to be added;
- e) investment required;
- f) mode of financing;
- g) rationale.

**3.2. Product launch:**

- a) name of the product;
- b) date of launch;
- c) category of the product;
- d) whether caters to domestic/ international market;
- e) name of the countries in which the product is launched (in case of international).

**4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business:**

**4.1. Awarding of order(s)/contract(s):** Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity to which order(s)/contract(s) is awarded;
- b) whether order(s) / contract(s) is awarded to domestic/ international entity
- c) significant terms and conditions of order(s)/contract(s) awarded, in brief;
- d) time period, if any, associated with the order(s)/contract(s);
- e) broad commercial consideration or size of the order(s)/contract(s);
- f) whether the promoter/ promoter group/group companies have any interest in that entity to whom the order(s)/contract(s) is awarded? If Yes, nature of interest and details thereof;
- g) whether the same would fall within related party transactions? If yes, whether the same is done at “arms length”.

**4.2. Bagging/Receiving of orders/contracts:** Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity awarding the order(s)/contract(s);
- b) significant terms and conditions of order(s)/contract(s) awarded in brief;
- c) whether order(s) / contract(s) have been awarded by domestic/ international entity;
- d) nature of order(s) / contract(s); whether domestic or international.
- e) time period by which the order(s)/contract(s) is to be executed;
- f) broad consideration or size of the order(s)/contract(s);
- g) whether the promoter/ promoter group / group companies have any interest in the entity that awarded the order(s)/contract(s)? If yes, nature of interest and details thereof
- h) whether the order(s)/contract(s) would fall within related party transactions? If yes, whether the same is done at “arms length”.

**4.3. Amendment or termination of orders/contracts:**

- a) name of parties to the order(s)/contract(s);
- b) nature of the order(s)/contract(s);
- c) date of execution of the order(s)/contract(s)
- d) details of amendment or reasons for terminations and impact thereof (to the extent possible);

**5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof:** Only important terms and conditions which may be as under needs to be disclosed:

- a) name(s) of parties with whom the agreement is entered;
- b) purpose of entering into the agreement;
- c) size of agreement

- d) shareholding, if any, in the entity with whom the agreement is executed;
- e) significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- f) whether, the said parties are related to promoter/promoter group/group companies in any manner. If yes, nature of relationship;
- g) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- h) in case of issuance of shares to the parties, details of issue price, class of shares issued;
- i) in case of loan agreements, details of lender, nature of the loan, total amount of loan granted, total amount outstanding, date of execution of the loan agreement/sanction letter, details of the security provided to the lenders for such loan;
- j) any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;
- k) in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):
  - i. name of parties to the agreement ;
  - ii. nature of the agreement;
  - iii. date of execution of the agreement;
  - iv. details of amendment and impact thereof or reasons of termination and impact thereof.

**6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.:**

**6.1. At the time of occurrence:**

- a) expected quantum of loss/damage caused;
- b) whether loss/damage covered by insurance or not including amount;
- c) estimated impact on the production/operations in case of strikes/lock outs.
- d) Ofactory/unit where the strike/lock out takes place including reasons for such strike.

**6.2. Regularly, till complete normalcy is restored:**

- a) insurance amount claimed and realized by the listed entity for the loss/damage;
- b) the actual amount of damage caused due to the natural calamity or other force majeure events;
- c) details of steps taken to restore normalcy and the impact of the natural calamity/other force majeure events on production or service, financials of the entity.

**7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.**

**8. Litigation(s) / dispute(s) / regulatory action(s) with impact:** The listed entity shall notify the stock exchange(s) upon it or its key management personnel or its promoter or ultimate person in control 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.

**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.

**9. Frauds/ defaults by directors (other than key managerial personnel) or employees of the listed entity:**

**9.1. At the time of unearthing of fraud or occurrence of the default/arrest:**

- a) nature of fraud/default/arrest;
- b) estimated impact on the listed entity;
- c) time of occurrence;
- d) person(s) involved;
- e) estimated amount involved (if any);
- f) whether such fraud has been reported to appropriate authorities.

**9.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default including:**

- a) actual amount involved in the fraud /default (if any);
- b) actual impact of such fraud /default on the listed entity and its financials; and
- c) corrective measures taken by the listed entity on account of such fraud/default.

**10. Options to purchase securities (including any ESOP/ESPS Scheme) at the time of instituting the scheme and vesting or exercise of options:**

- a) brief details of options granted;
- b) whether the scheme is in terms of SEBI ESOP/ESPS guidelines (if applicable);
- c) total number of shares covered by these options;
- d) pricing formula;
- e) options vested;
- f) time within which option may be exercised;
- g) options exercised;
- h) money realized by exercise of options;
- i) the total number of shares arising as a result of exercise of option;
- j) options lapsed;
- k) variation of terms of options;
- l) brief details of significant terms;
- m) subsequent changes or cancellation or exercise of such options;
- n) diluted earnings per share pursuant to issue of equity shares on exercise of options.

**11. Giving of guarantees or indemnity or becoming a surety for any third party:**

- a) name of party for which such guarantees or indemnity or surety was given;
- b) whether the promoter/ promoter group/ group companies have any interest in this transaction? If yes, nature of interest and details thereof and whether the same is done at “arms length”;
- c) brief details of such guarantee or indemnity or becoming a surety viz. brief details of agreement entered (if any) including significant terms and conditions, including amount of guarantee;
- d) impact of such guarantees or indemnity or surety on listed entity.

**12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals:**

- a) name of the regulatory or licensing authority;
- b) brief details of the approval/license obtained/ withdrawn/ surrendered;
- c) impact/relevance of such approval/license to the listed entity;
- d) withdrawal/cancellation or suspension of licence/approval by the regulatory or licensing authority, with reasons for such action, estimated impact (monetary or otherwise) on the listed entity and penalty, if any;
- e) period for which such approval/license is/was valid;
- f) Subsequently, the listed entity shall inform the stock exchange(s), the actual impact (monetary or otherwise) along with corrective actions taken by the listed entity pursuant to the withdrawal, cancellation or suspension of the key license/ approval.

C. Any other information viz. major development that is like to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.

## Detailed Analysis

### Substantive portion to be included in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### 1. Time period within which the disclosure needs to be made

##### 1.1. Proposal in the discussion paper:

- 1.1.1. Listed entity shall inform to the stock exchange(s) of all events which are material and/or all information which are price sensitive, and have bearing on performance/operation of the listed entity, unless otherwise expressly stated, within one day from the occurrence of the event /information.
- 1.1.2. In cases where the disclosures are made after one day, listed entity shall, along with such disclosure provide suitable explanation for delay in making disclosure.

##### 1.2. Current requirement:

- 1.2.1. Listed entity to promptly inform stock exchange(s) of all events which are material and/or information which is price sensitive and have bearing on performance/operations of the listed entity. (Clause 36 of the Listing Agreement)
- 1.2.2. The Schedule III to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the outcome of meeting of the board of directors may be intimated to stock exchange(s) within 15 minutes of the closure of the meeting of Board of Director(s). (Clause 20, 22 and 41 of the Listing Agreement)
- 1.2.3. No requirement for explanation for delayed disclosure.

##### 1.3. Public Comments:

Proposal	Total Comments	For/Suggested Modification	Against
Disclosure within 1 day	15	13	1
Explanation for delay in disclosure		1	0

- 1.3.1. While some of the comments suggest that the timeline of one day is very short and may be increased to three working days, other suggest that the information should be disclosed immediately to stock exchange(s) before disclosing it through any other mode of communication. Additionally, guidelines may be provided to allow the listed entity to make a 'delayed disclosures' & 'holding announcement' within the stipulated time immediately upon the occurrence of an event.

##### 1.4. Recommendation of PMAC:

- 1.4.1. The time limit should be modified to make disclosures 'as soon as reasonably practicable and not later than 24 hours' from occurrence of event, to ensure compliance in spirit and to avoid delay in disclosure by the listed entities.
- 1.4.2. Listed entities should give explanation to the stock exchange(s), in case of delay in disclosures from timeline mentioned above.
- 1.4.3. The concept of 'Delayed Disclosure' and 'Holding Announcement' should not be introduced at this stage, as it may be prone to misuse. This may be examined at a later date.



1.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

## 2. **Periodic Disclosure & change in information/event after disclosure**

### 2.1. **Proposal in the discussion paper:**

2.1.1. The listed entity shall make disclosures to stock exchange(s) at the time of occurrence of the event/information and where applicable, make periodic disclosures on the associated material developments till such time the event is resolved/closed.

2.1.2. The listed entity shall inform to stock exchange(s) if there is a change in information after it has been disclosed to stock exchange(s) (including withdrawal/ cancellation of event).

### 2.2. **Current requirement:**

2.2.1. The listed entity shall make disclosure at the time of occurrence and subsequently after cessation of the event/information. (Clause 36 of the Listing Agreement)

2.2.2. There is no requirement for periodic updation of information during the course of the event/information.

### 2.3. **Public Comments:**

<b>Proposal</b>	<b>Total comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Periodic Disclosure	10	2	0
Change in information/event after disclosure		8	0

2.3.1. Periodic disclosures may be restricted to key landmark activities as including all changes can be voluminous and would only result in onerous reporting and thereby deviating focus on the material changes which may be price sensitive. Further, listed entity should provide suitable explanation for the cancellation/withdrawal of the information or events.

### 2.4. **Recommendation of PMAC:**

2.4.1. Reporting of change in the status of an event should be restricted to material change, to ensure that only relevant updates relating to event are reported.

2.4.2. Listed entity should be mandated to give explanation in case of cancellation/withdrawal of the information or events, to enable investors to take a holistic view of the disclosures made by the listed entity.

2.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

## 3. **Disclosure on website of the listed entity**

3.1. **Proposal in the discussion paper:** Listed entity shall disclose on its website all material events and/or all information which is price sensitive, which has been disseminated to the stock exchange(s), through links to stock exchange(s) website.

3.2. **Current requirement:** No requirement exists.

3.3. **Public Comments:**

Proposal	Total Comments	For/Suggested Modification	Against
Disclosure on website through link to stock exchange Website	7	4	3

3.3.1. While, some of the comments suggest that since disclosures will be available on the websites of the stock exchange(s), listed entity may be given some extra time period for making such disclosures available on the website of the company, others indicate that disclosure on multiple platforms viz. stock exchange(s) and company website will lead to duplication of the information.

3.4. **Recommendation of PMAC:**

3.4.1. All the disclosures should be made on the websites of listed entity and not through links, as links would make the data unwieldy. Further these details should be kept on the website of listed entity for a minimum period of 5 years and thereafter as per the archival policy of the listed entity.

3.4.2. The listed entity should disclose the archival policy on its website.

3.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

4. **Disclosures with respect to Subsidiary**

4.1. **Proposal in the discussion paper:**

4.1.1. In case of listed subsidiary, the listed entity shall only disclose the impact of such material events/information on its operations or performance, if any, along with a reference to the link on stock exchange(s) website where announcement made by listed subsidiary is available.

4.1.2. The listed entity shall make disclosures of all material event(s)/information/transaction(s) or arrangement(s) with respect to its unlisted subsidiaries.

4.1.3. The term “material transaction or arrangement” shall mean any individual transaction or arrangement which, in the opinion of the Board of Directors of the listed entity, is significant to the operations or performance of listed entity.

4.2. **Current requirement:** No requirement exists.

4.3. **Public Comments:**

Proposal	Total Comments	For/Suggested Modification	Against
Listed Subsidiary - impact & link to stock exchange Website	18	4	2
Unlisted Subsidiary - All material event(s)/ information/transaction(s) or arrangement(s)		2	10

4.3.1. Disclosure should be for material subsidiaries irrespective of whether subsidiary is listed/ unlisted and the determination of materiality for making disclosure should be left with the management of listed entity.

#### 4.4. **Recommendation of PMAC:**

4.4.1. The test for disclosures governing subsidiary should be based on materiality, irrespective of whether subsidiary is listed or unlisted i.e. disclosure shall be made by listed entity only for such events associated with subsidiaries which are material for the listed entity. This would ensure that only relevant information relating to subsidiaries is disclosed. Further, all listed subsidiaries would be in any case, obligated to make disclosures in their capacity as listed entities based on their materiality threshold.

4.4.2. Impact of event/information relating to subsidiaries (both listed or unlisted) need not be disclosed by listed entity (holding entity), as even for events relating to the listed entity itself, there is no requirement to disclose the impact.

4.4.3. The subsidiaries should include 'Associates'.

4.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC however associates need not be included in subsidiaries.

### 5. **Rumour Verification**

5.1. **Proposal in Discussion Paper:** No proposal in discussion paper.

5.2. **Current requirement:** No requirement exists.

#### 5.3. **Public Comments**

5.3.1. Onus of confirmation/denial on rumours should on listed entity.

5.3.2. Further, in case of inaccurate reporting by press, the listed entity should provide clarification vide an announcement and, if necessary, seeking suspension of trading until the announcement is made.

5.3.3. Internationally, results are declared aftermarket hours, or if any information is to be released during the market hours, the script is put in trading halt, before such information is released to the public. Therefore the Company may ask exchange to put the trading on halt for 15 minutes before such information is released and such halts could be of 30 minutes window and further halts should not be made during first 15/ last 30 minutes.

5.3.4. Similar to the one working day given to listed entities for disclosure of information to stock exchange, certain timelines for dissemination of such information by stock exchange should also be prescribed. Also, specific timeframe should be followed by stock exchange(s) in case any clarification is required on the disclosure. In the interim, stock exchange should disseminate the information along with clarification for public information.

#### 5.4. **Recommendation of PMAC**

5.4.1. The onus of confirming/denying a rumor should be of the listed entity and the current practice of confirmation/denial upon seeking clarification by stock exchange should also continue. However, listed entity should provide specific and adequate reply to queries of stock exchange(s).

5.4.2. Practice of requesting for Trading Halt by listed entity or stock exchange should not be introduced, as the same is prone to misuse.

5.4.3. Stock exchange(s) should disseminate information and clarification as soon as reasonably practicable.

5.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

## 6. Policy for determining materiality

### 6.1. Proposal in the discussion paper:

6.1.1. Materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, the listed entity may consider the 'quantitative' or 'qualitative criteria(s) mentioned below.

6.1.2. Quantitative criteria to determine materiality shall become applicable to an event / information:

- where the value involved or the impact exceeds 5% of the gross turnover or revenue or total income; or exceeds 20% of the net worth (lower threshold shall be taken as a trigger).

The above threshold shall be determined on the basis of audited consolidated financial statements of last audited financial year. However if the company has not prepared consolidated financial statements in the last financial year the threshold may be determined on the basis of standalone financial statements.

6.1.3. Qualitative criteria to determine materiality shall become applicable to an event / information:

- the omission of which is likely to result in a discontinuity of information already available publicly; or result in significant market reaction if the said omission came to light at a later date.
- if in the opinion of the Board of Directors of listed entity, the event / information is considered material.

6.1.4. In circumstances where 'quantitative' test may not be applicable, 'qualitative' test may be applied to determine materiality.

6.1.5. If a particular information or event in question satisfies any of the 'qualitative' or 'quantitative' criteria, the listed entity shall be under an obligation to disclose the same to the stock exchange(s).

6.2. **Current requirement:** No specific guidelines for determination of 'materiality' or 'price sensitive information'.

### 6.3. Public Comments:

Criteria	Total Comments	For/Suggested Modification	Against
Quantitative criteria	14	11	3
Qualitative criteria			
Opinion of Board of			

Directors			
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- 6.3.1. While some comments suggest that quantitative thresholds may not be prescribed, as per international practice, some have suggested including '10% of PAT' as an additional parameter in quantitative threshold.
- 6.3.2. During the period of 60 days, available to a company for filing of auditing financial results, thresholds as provided in the discussion paper may be based on previous year financials.
- 6.3.3. Considering the practical difficulties in convening Board Meeting, the materiality factor shall be allowed to be decided by the management or some officer/committee as may be authorized by the Board of Directors.

**6.4. Recommendation of PMAC:**

- 6.4.1. Quantitative criteria should not be introduced for the time being as attempts may be made to bypass the specific thresholds.  
A few international jurisdictions where quantitative thresholds are present are more mature and prescribing the same in the Indian markets, at this time, may give more room for the entities to flout the disclosures, which is not desirable. Hence, it is recommended that the criteria should be kept principle based rather than rule based.

- 6.4.2. Qualitative criteria should be modified as under:-  
the omission of which is likely to result in discontinuity / alteration of information already available publicly.

- 6.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

**7. Policy for determining price sensitive information**

**7.1. Proposal in the discussion paper:**

The listed entity may consider the following test(s) to determine whether particular information is price sensitive:

**7.1.1. Price impact test:**

- any information which relates directly or indirectly to a listed entity and which if published is likely to materially affect the price of shares of the listed entity.

**7.1.2. The reasonable investor test:**

- Whether the information in question is likely to be used by a reasonable investor as part of the basis of his investment decisions and therefore likely to have a significant effect on the price of shares of the listed entity.
- It is to be noted that, 'significant effect on the price' cannot be quantified (percentage change or otherwise) due to various reasons.
- However, the following information is likely to be considered relevant to a reasonable investor's decision i.e. any information which affects:
  - i. the assets and liabilities of the listed entity; or
  - ii. the financial condition of the listed entity; or
  - iii. major developments in the business of the listed entity / the industry in which the listed entity operates; or

iv. information previously disclosed to the market.

7.1.3. If in the opinion of the Board of Directors of listed entity, the event/information is considered price sensitive.

**7.2. Current requirement:**

7.2.1. Listed entity to immediately inform the stock exchange of all the events, which will have bearing on the performance/operations of the company as well as price sensitive information. (Clause 36 of the Listing Agreement)

**7.3. Public Comments:**

Criteria	Total Comments	For/Suggested Modification	Against
Price Impact Test	19	9	9
Reasonable Investor Test			
Opinion of Board of Directors			

7.3.1. Definition of the term Price Sensitive Information may be given on the lines of Insider Trading Regulations.

7.3.2. **Price Impact Test:** Under this test, any information which 'directly' or indirectly affect the price of the listed entity is required to be disclosed. The word 'indirectly' may be too broad from compliance perspective and needs to be defined.

7.3.3. **Reasonable Investor Test:** The statement provided under illustrative list may be modified to "Information previously disclosed to the market under the category of material information under Clause 36 of the listing agreement";

Further, 'Information related to the reputation of the company' may also be added to the illustrative list, as information may not always relate to the financials of the company but may still impact the company.

7.3.4. In arrangements which involve external counterparties certain information relating to assets/liabilities may enter public domain without the knowledge of the listed entity. In such case, irrespective of the importance of such information, the listed company may be held non-compliant. Hence, only such information which 'materially' effects the assets and liabilities, financial condition, etc., should be considered as relevant for a reasonable investors decision.

**7.4. Recommendation of PMAC:**

7.4.1. The statement 'Information previously disclosed to the market' be modified to 'Information previously disclosed to the market under the category of material information' in line with the suggestion received on the discussion paper. Further, 'Information related to the reputation of the listed entity' shall be added.

7.5. **Proposal:** The test for determination of price sensitive information, as proposed in discussion paper, may not be introduced.

8. **Policy for making disclosures**

8.1. **Proposal in Discussion Paper:** No proposal in discussion paper.

8.2. **Current requirement: No requirement exists.**

8.3. **Public Comments:** No public comments, however, feedback has been received in discussions with market participants.

8.4. **Recommendation of PMAC**

8.4.1. The Board of the listed entity shall frame a policy for determination of materiality, which shall be disclosed on its website. The Board shall also delegate/authorize one or more Key Managerial Personnel of the listed entity to make disclosures and disclose contact details of such delegated authority on its website and to the stock exchange.

8.5. **Proposal:** We may agree with the recommendation of PMAC.

**9. List of events upon occurrence of which the listed entity shall make disclosure**

**9.1. Proposal in the discussion paper:**

The following shall be deemed to be events which are material and/or information which are price sensitive in nature:

- (1) Commencement or any postponement in the date of commencement of commercial production and / or commercial operation of any material unit/division;
- (2) Change in the general character or nature of business;
- (3) Acquisition(s), Scheme of Arrangement (amalgamation/merger/demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity.
- (4) Material capacity addition or material product launch;
- (5) Awarding, bagging/ receiving , amendment or termination of awarded/bagged material order(s)/ contract(s);
- (6) Agreement(s) (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s), agreement(s)/treaty(ies)/contract(s) with media companies) or material loan agreement(s) or any other material agreement(s) which are binding and revision(s) or amendment(s) or termination(s) thereof;
- (7) Issuance or forfeiture of securities, or change in terms/structure of existing securities or buy back of securities;
- (8) Disruption of operations of any one or more units or division or subsidiary of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.;
- (9) Material effect(s) arising out of change in the regulatory framework applicable to the listed entity;
- (10) Litigation(s) / dispute(s) / regulatory action(s) with material impact;
- (11) Revision in rating(s);
- (12) Material frauds / defaults etc. by directors, employees, agents of the listed entity;
- (13) Outcome of meeting(s) of the board of directors;
- (14) Miscellaneous events;
- (15) Any event affecting the reputation of the listed entity /group e.g. arrest of key managerial personnel/promoters on charges involving moral turpitude, etc.;
- (16) Any other information viz. information which is exclusively known to the company which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such listed securities.

The listed entity shall apply the guidelines for materiality for clauses (1), (4), (5), (6), (9), (10) and (12) and apply the guidelines as specified for determining whether the information is price sensitive. In addition to above, an indicative list of information specified may be disclosed by the listed entity in case of occurrence of events/information at Clause (1) to (16) above.



9.2. **Current requirement:** Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 specifies certain list of events (Clauses 20, 22, 25, 27, 29, 30, 31, 36 and 53 of the Equity Listing Agreement).

9.3. **Public Comments:**

9.3.1. The list of events should be given as an indicative list and not in the form of deeming provisions.

9.3.2. The periodicity, volume, quality and depth of information disclosure is so high that companies would prefer to delist rather than be subject to such scrutiny that would impact their operations and greatly increase the cost of compliance without adding any real value to market information. The requirements should not be made too prescriptive and it should be left to the company to decide on materiality and impact for disclosure.

9.3.3. The inclusion of the following in the list of events:

- Earnings call/Investor meet done by a listed company with investor group(s) should be compulsorily converted into a text transcript and updated to the stock exchange(s) within an hour;
- comments on the prospects for future earnings or dividends;
- release of any projected profits of the group by issuers or their directors;
- major market upheaval in the industries, countries or regions where the issuer has significant operations or transactions;
- premature removal of auditors before end of their term in office;
- prompt reporting of cancellation of an agreement which was previously the subject of an announcement;
- any change of accounting policy that may have a significant impact on the accounts.

9.4. **Recommendation of PMAC:**

9.4.1. Out of the list of events suggested for inclusion, the following events should be added to events necessitating disclosure:

- major market upheaval in the industries, countries or regions where the issuer has significant operations or transactions;
- premature removal of auditors before end of their term in office;
- prompt reporting of cancellation of an agreement which was previously the subject of an announcement;
- any change of accounting policy that may have a significant impact on the accounts.

9.4.2. Disclosure for (a) Earnings call (b) prospects for future earnings or dividends and (c) release of any projected profits of the group by issuers or their directors may not be considered as it would be prone to misuse. Also, it would be difficult to fix onus or responsibility in case of discrepancies in projections from actual.

9.5. **Proposal**

9.5.1. We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

9.5.2. The list of events upon occurrence of which listed entity shall make disclosure to the stock exchange may be divided into two parts:

- Events which are by nature material i.e. those that necessarily require disclosure without any discretion by the listed entity. Based on review, 14 events come under this head.
- Events which shall be construed to be material based on application of the guidelines for materiality, as specified by SEBI. Based on review, 12 events come under this head.

Apart from the above, listed entity may make disclosures of events/information as may be considered necessary.

9.5.3. Upon occurrence of an event, the listed entity may disclose one or more of the details or any other additional details regarding the event as deemed necessary. Where, the listed entity decides not to disclose one or more of such details, as provided, it may state appropriate reasoning for the same, as part of the disclosure.

## 10. Disclosure of Confidential Information

10.1. **Proposal in Discussion Paper:** No proposal in discussion paper.

10.2. **Current requirement:** No requirement exists.

10.3. **Public Comments:** The information is likely to be confidential and driven by agreement with third parties and disclosure would tantamount to breach of contractual term, for e.g. disclosure of material orders, acquisitions, hostile takeovers, open offers, technology etc.

Mandating exhaustive disclosure will impair their commercial interests especially considering that their unlisted or global counterparts are not required to disclose such information.

10.3.1. Regulations should permit withholding materially price sensitive information to safeguard an entity's commercial interests.

10.4. **Recommendation of PMAC:** Carve out for not disclosing confidential information, as prevalent in international jurisdictions, is not desirable at this stage. However, the same may be re-examined later after assessing improvement, if any, in quality of disclosures made by listed entities based on the proposed review.

10.5. **Proposal:** We may agree with the recommendation of PMAC.

**Indicative list of information which may be disclosed upon occurrence of specified events**

**1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.**

**1.1. Proposal in the discussion paper:**

On occurrence of this event, the following indicative disclosures may be made by the listed entity:

**1.1.1. Acquisition / agreement to acquire:**

- name of the target entity;
- whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof;
- whether the acquisition would fall within related party transactions? If yes, whether the same is done at “arms length”;
- industry to which the entity being acquired belongs;
- objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);
- brief details of any governmental or regulatory approvals required for the acquisition;
- indicative time period for completion of the acquisition;
- cost of acquisition or the price at which the shares are acquired;
- nature of consideration - whether cash consideration or share swap and details of the same;
- percentage of shareholding / control acquired and / or number of shares acquired;
- brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);

[Explanation: For the purpose of the above disclosures the term ‘acquisition’ shall have the same meaning as defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011]

**1.1.2. Amalgamation/ Merger**

- name of the entity(ies) forming part of the amalgamation/merger;
- whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- area of business of the entity(ies);
- rationale for amalgamation/ merger;
- in case of cash consideration amount or otherwise share entitlement/exchange ratio in relation to the amalgamation/merger;
- brief details of change in shareholding pattern (if any)of listed entity;

### 1.1.3. De-merger

- brief details of the division to be demerged;
- turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year;
- rationale for demerger;
- brief details of change in shareholding pattern (if any) of all entities;
- in case of cash consideration – amount or otherwise share exchange ratio;
- whether listing would be sought for the resulting entity;

### 1.1.4. Sale or disposal of unit or division or subsidiary of the listed entity:

- the amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year;
- date on which the agreement for sale has been entered into;
- the expected date of completion of sale/disposal;
- consideration received from such sale/disposal;
- brief details of buyers and whether any of the buyers belong to the promoter/promoter group/group companies. If yes, details thereof;
- whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.

For the purpose of this sub-clause, "slump sale" shall mean the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales.

### 1.1.5. Other Restructuring

- details and reasons for restructuring;
- quantitative and/ or qualitative effect of restructuring;
- details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring;
- brief details of change in shareholding pattern (if any) of all entities;

### 1.2. Current requirement : Listed entity shall promptly inform the stock exchange(s) of:

- 1.2.1. any material change in the general character or nature of its business where such change is brought about by the listed entity entering into or proposing to enter into any arrangement for technical, manufacturing, marketing or financial tie-up; or
- 1.2.2. by reason of the listed entity, selling or disposing of or agreeing to sell or dispose of any unit or division or by the Issuer, enlarging, restricting or closing the operations of any unit or division or proposing to enlarge, restrict or close the operations of any unit or division or otherwise;
- 1.2.3. under the head ‘Any other Information’ promptly notify, including but not restricted to, of acquisition, merger, de-merger, amalgamation, restructuring, scheme of arrangement, spin off of setting divisions of the company, etc. (Clause 36 of Listing Agreement)

1.3. **Public Comments:**

Event	Total Comments	For/Suggested Modification	Against
Acquisitions/agreement to acquire	14	3	0
Amalgamation/merger		1	0
De-merger		1	0
Sale or disposal of any unit(s), division(s) or subsidiary of the listed entity		10	0
Other restructuring		1	0
<b><u>Information</u></b>			
3 year turnover		2	0
Cost of acquisition and price at which shares are acquired		Nil	Nil
<b><u>Other information under these events(Details at Annex-C)</u></b>			

1.3.1. The disclosures required to be made in case of corporate restructuring are very extensive and compliance with the same would be cumbersome. Further, some of the information like ‘cost of acquisition’ may be removed as the same is kept confidential for commercial reasons and disclosure of the same can adversely affect the transaction, especially in case of hostile takeovers.

1.3.2. The disclosure under this clause should be restricted to material subsidiaries, material units or divisions to reduce onerous reporting.

1.3.3. All the indicative disclosure proposed under this clause are to be submitted with stock exchange when application for scheme is being made, hence it may be duplication. Further some indicative disclosures like last 3 years turnover, whether listing would be sought for resulting entity, etc. may not be significant for the investors to take investment decisions.

1.4. **Recommendation of PMAC:**

1.4.1. Details should be required to be given in case of corporate restructuring, as these events are material and would be required for the investor to take informed decision regarding his investment.

1.4.2. Disclosures under corporate restructuring should be made for all subsidiaries, units or divisions, as the number of such events would be few and would not cast huge burden on the listed entity.

1.4.3. It should be noted that disclosures or information given in the public domain is not pre-mature and does not condition the market.

1.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

2. **Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, options to purchase securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.**

2.1. **Proposal in the discussion paper:** On occurrence of this event, the following indicative disclosures may be made by the listed entity:

2.1.1. **Issuance of securities**

- type of securities proposed to be issued (viz. equity shares, convertibles etc.);
- type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc);
- total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
- in case of preferential issue the listed entity shall disclose the following additional details to the stock exchange(s):
  - i. issue period;
  - ii. names of the investors.
  - iii. post allotment of securities: outcome of the subscription, issue price / allotted price (in case of convertibles), number of investors
  - iv. in case of convertibles: intimation on conversion of securities or on lapse of the tenure of the instrument;
- in case of issuance of depository receipts (ADR/GDR) or FCCB the listed entity shall disclose following additional details to the stock exchange(s):
  - i. name of the stock exchange(s) where ADR/GDR/FCCBs are listed (opening – closing status) / proposed to be listed;
  - ii. existing number of ADR/GDR/FCCBs and number of holders, if any;
  - iii. proposed no. of equity shares underlying the ADR/GDR or on conversion of FCCBs;
  - iv. proposed date of allotment, tenure, date of maturity and coupon offered, if any of FCCB's;
  - v. issue price of ADR/GDR/FCCBs (in terms of USD and in INR after considering conversion rate);
  - vi. change in terms of FCCBs, if any;
  - vii. details of defaults, if any, by the listed entity in payment of coupon on FCCBs & subsequent updates in relation to the default, including the details of the corrective measures undertaken (if any);
- In case of issuance of debt securities or other non convertible securities the listed entity shall disclose following additional details to the stock exchange(s):
  - i. whether proposed to be listed? If yes, name of the stock exchange(s);
  - ii. tenure of the instrument - date of allotment and date of maturity;
  - iii. coupon/interest offered, schedule of payment of coupon/interest and principal;
  - iv. charge/security, if any, created over the assets;
  - v. special right/interest/privileges attached to the instrument and changes thereof;
  - vi. delay/ default in payment of interest / principal amount for a period of more than three months from the due date;
  - vii. details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any;
- Any cancellation or termination of proposal for issuance of securities including reasons thereof.

#### 2.1.2. **Split/consolidation of shares**

- split/consolidation ratio;
- rationale behind the split/consolidation;
- pre and post share capital – authorized, paid-up and subscribed;
- expected time of completion;
- class of shares which are consolidated or subdivided;
- number of shares of each class pre and post split or consolidation;
- number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.

#### 2.1.3. **Bonus Issue**

- whether bonus is out of free reserves created out of profits or share premium account;
- bonus ratio;
- details of share capital - pre and post bonus issue;
- free reserves and/ or share premium required for implementing the bonus issue;
- free reserves and/ or share premium available for capitalization and the date as on which such balance is available;
- whether the aforesaid figures are audited;
- date on which such bonus shares would be credited/dispatched.

#### 2.1.4. **Buy back of securities**

- number of securities proposed for buyback;
- number of securities proposed for buyback as a percentage of existing paid up capital;
- buyback price;
- actual securities in number and percentage of existing paid up capital bought back;
- pre & post shareholding pattern.

#### 2.1.5. **Options to purchase securities (including any ESOP/ESPS Scheme) at the time of instituting the scheme and vesting or exercise of options**

- brief details of options granted;
- whether the scheme is in terms of SEBI ESOP/ESPS guidelines (if applicable);
- total number of shares covered by these options;
- pricing formula;
- options vested;
- time within which option may be exercised;
- options exercised;
- money realised by exercise of options;
- the total number of shares arising as a result of exercise of option;
- options lapsed;
- variation of terms of options;
- brief details of significant terms;
- subsequent changes or cancellation or exercise of such options;
- diluted earnings per share pursuant to issue of equity shares on exercise of options.

**2.1.6. Any restriction on transferability of securities**

- authority issuing attachment or prohibitory orders;
- brief details and reasons for attachment or prohibitory orders;
- name of registered holders against whom restriction on transferability has been placed;
- total number of securities so affected;
- distinctive numbers of such securities if applicable;
- period for which order would be applicable (if stated).

**2.1.7. Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to**

- reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- proposal to issue any class of securities;
- sub-division of equity shares of listed entity;
- alterations of capital, including calls;
- change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the listed entity.

**2.2. Current requirement:**

**2.2.1. Listed entity shall promptly inform the stock exchange(s) of:**

- issue of any class of securities, change in market lot of the company's shares, sub-division of equity shares of the company, any action which will result in alteration in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the company, forfeiture of shares;
- information regarding opening, closing of status of ADR, GDR or any other class of securities to be issued abroad;
- granting any options to purchase any shares of the listed entity, of the number of shares covered by such options, of the terms thereof and of the time within which they may be exercised and of any subsequent changes or cancellation or exercise of such options;
- any attachment or prohibitory orders restraining the Issuer from transferring securities out of the names of the registered holders and furnish to stock exchange(s) particulars of the numbers of securities so affected, the distinctive numbers of such securities and the names of the registered holders thereof.  
(Clause 13, 25, 31 and 36 of Listing Agreement)

**2.3. Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Issuance or forfeiture of securities, or change in terms/structure of existing securities or buy back of securities	23	6	0
Split/consolidation of shares		0	0
Bonus Issue		6	0
Buyback of Securities		0	0
Options to purchase securities (including any		1	6



ESOP/ESPS Scheme)			
Restriction on transferability of securities		0	2
Any other action resulting in alteration in terms or structure		0	0
<b><u>Information</u></b>		2	6
Issue Period (Pref Issue)			
Holder of ADR/GDR			
Debt Securities			
Date of Dispatch of Bonus Shares			
<b><u>Other information under these events</u></b>		Nil	Nil
<b><u>(Details at Annex-C)</u></b>			

- 2.3.1. Since clause 36 is applicable to entity which has its securities listed on stock exchange, disclosure of information like issuance, forfeiture, etc should only be reported for listed securities.
- 2.3.2. Disclosure relating to the forfeiture of securities redemption of preference shares or debentures may be included and the act of redemption ought to be disclosed on the happening of the event.
- 2.3.3. The restriction on transferability of securities does not affect the price of the listed securities and hence its disclosure should not be mandatory.
- 2.3.4. The disclosure of details of individual cancellation/lapses of ESOPs would be infringing the privacy of the options grantees. Further, exercise of options happens throughout the year. Hence reporting of such individual events would pose feasibility issues. As most of the disclosures are being furnished as part of annual report, this reporting should be made annual only.
- 2.3.5. The following indicative disclosures may be deleted:
- The issue period in case of preferential issue and requirement of disclosure of number of holders of ADR/GDR/FCCBs as it is difficult to obtain;
  - The issuance of debt securities is a routine transaction for an NBFC;
  - It is not possible for a company to specify a particular date on which the bonus shares would be credited/ debited. Therefore, a tentative date should be allowed to be disclosed giving flexibility.

#### 2.4. **Recommendation of PMAC:**

- 2.4.1. Disclosures should be made for all securities and not be restricted to listed securities, as these impact not only the interest of the holders of unlisted securities but also of the holders of listed securities. Similarly, forfeiture and redemption of securities should also be disclosed.
- 2.4.2. Disclosure of restriction on transferability of securities should continue to be reported.
- 2.4.3. In order to bring uniformity in disclosure requirement under different rules/regulations, PMAC recommended that disclosures with respect to ESOP/ESPS Schemes should be aligned to ESOP Regulations.

## 2.5. **Proposal:**

- 2.5.1. We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.
- 2.5.2. In order to avoid information overload, materiality may be applied to disclosures related to Employee Stock Option or Employee Purchase Schemes.
- 2.5.3. Additionally it is felt that the following changes may be carried out to list of indicative disclosures:-
  - Preferential issue – issue period may be deleted;
  - The details of existing number of ADR/GDR/FCCBs and number of holders, if available may be disclosed;
  - Details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures may be disclosed.

## 3. **Revision in Rating(s)**

- 3.1. **Proposal in the discussion paper:** Listed entity shall notify the stock exchange(s), the details of any rating or revision in rating assigned from a credit rating agency to any debt instrument of the listed entity or to any fixed deposit programme or to any scheme or proposal of the listed entity involving mobilisation of funds whether in India or abroad. In case of a downward revision in ratings, the listed entity shall also intimate the reasons provided by the rating agency for such downward revision.
- 3.2. **Current requirement:** Listed entity shall promptly inform the stock exchange(s) the details of any rating or revision in rating assigned to any debt or equity instrument of the listed entity or to any fixed deposit programme or to any scheme or proposal of the listed entity involving mobilisation of funds whether in India or abroad provided the rating so assigned has been quoted, referred to, reported, relied upon or otherwise used by or on behalf of the listed entity.  
(Clause 36 of Listing Agreement)
- 3.3. **Public Comments:** No suggestions received.
- 3.4. **Recommendation of PMAC:** The PMAC recommended that the proposals as per the current Clause 36 as contained in the discussion paper be retained.
- 3.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

## 4. **Outcome of meetings of the board of directors**

- 4.1. **Proposal in the discussion paper:** Listed entity shall intimate to the stock exchange(s), within 15 minutes of the closure of the meeting, held to consider or decide the following:
  - 4.1.1. dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched; Any cancellation of dividend with reasons thereof.
  - 4.1.2. the decision on buyback of securities.
  - 4.1.3. the decision with respect to fund raising proposed to be undertaken.

- 4.1.4. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would be credited/dispatched.
- 4.1.5. reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to.
- 4.1.6. short particulars of any other alterations of capital, including calls.
- 4.1.7. financial results.
- 4.1.8. decision on voluntary delisting by the company from stock exchange(s).

The intimation of outcome of meeting of the board of directors shall also contain the time of commencement and conclusion of the meeting.

**4.2. Current requirement:**

4.2.1. Listed entity shall inform the stock exchange(s) immediately after the meeting of its Board of Directors has been held to consider or decide the same, intimate to the stock exchange(s) where the company is listed, (within 15 minutes of the closure of the board meeting) by phone, fax, telegram, e-mail):

- of dividends and/or cash bonuses (including date on which dividend shall be paid/dispatched) and total turnover, gross profit/loss, provision for depreciation, tax provisions and net profits for the year (with comparison with the previous year) and the amounts appropriated from reserves, capital profits, accumulated profits of past years or other special source to provide wholly or partly for the dividend, even if this calls for qualification that such information is provisional or subject to audit (Clause 20 of Listing Agreement);
- of short particulars of any increase of capital whether by issue of bonus shares through capitalization, or by way of right shares to be offered to the shareholders or debenture holders, or in any other way (including date on which such bonus shares would be credited/dispatched), short particulars of the reissues of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to, short particulars of any other alterations of capital, including calls and any other information necessary to enable the holders of the listed securities of the Issuer to appraise its position and to avoid the establishment of a false market in such listed securities (Clause 20 of Listing Agreement).

4.2.2. Listed entity shall promptly inform the stock exchange(s):

- under the head 'Any other Information' including but not restricted to disclosure of voluntary delisting by the company from the stock exchange(s);
- the financial results within fifteen minutes of conclusion of the meeting of the Board or Committee in which they were approved through such mode as may be specified by the stock exchange.  
(Clause 36 and 41 of Listing Agreement).

**4.3. Public Comments:**

Event	Total Comments	For	Against
Outcome of meetings of the board of directors within 15 minutes of the closure of the meeting	9	7	2

including indicating time of commencement and conclusion of the meeting			
<b>Information</b> – No Information specified in Annexure-C			

- 4.3.1. The time limit of 15 minutes of closure of meeting should be increased to be allowed within 30 minutes and some carve out should be provided for the exceptional events.
- 4.4. **Recommendation of PMAC:** The PMAC recommended that time limit for disclosure of outcome of board meeting should be enhanced to 30 minutes from closure of board meeting, to ensure compliance in spirit, as time frame of 15 minutes is too short.
- 4.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.
5. **Agreements (viz. Shareholder Agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.**
- 5.1. **Proposal in the discussion paper:**
- 5.1.1. On occurrence of this event, the following indicative disclosures may be made by the listed entity:
- name(s) of parties with whom the agreement is entered;
  - purpose of entering into the agreement;
  - shareholding, if any, in the entity with whom the agreement is executed;
  - significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
  - whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
  - whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
  - in case of issuance of shares to the parties, details of issue price, class of shares issued;
  - any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.;
  - in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):
    - i. name of parties to the agreement ;
    - ii. nature of the agreement;
    - iii. date of execution of the agreement;
    - iv. details of amendment and impact thereof or reasons of termination and impact thereof.

## 5.2. Current requirement:

5.2.1. Listed entity shall promptly inform the stock exchange(s) and also disseminate through its own website, immediately upon entering into agreements with media companies and/or their associates along with information including:

- shareholding (if any) of such media companies/associates in listed entity;
- other disclosures related to such agreements, viz., details of nominee of the media companies on the Board of the issuer company;
- any management control or potential conflict of interest arising out of such agreements, etc.; and
- disclosures regarding any other back to back treaties/contracts/agreements/MoUs or similar instruments entered into by the issuer company with media companies and/or their associates for the purpose of advertising, publicity, etc.

(Clause 53 of the Listing Agreement)

## 5.3. Public Comments

Event	Total Comments	For/Suggested Modification	Against
Disclosure of Agreements	18	4	2
Shareholder Agreement(s)		2	0
Family settlement agreement(s)		4	0
Agreement(s)/treaty(ies)/contract(s) with media companies		0	0
Revision(s) or amendment(s) or termination(s)		3	0
<b>Information</b>			
Significant Terms		0	3
<b>Other information under these events</b>		Nil	Nil

5.3.1. Only material agreements which are not in the normal course of business shall be required to be disclosed. In certain cases disclosure of information would be a breach of contractual obligations. Further, agreements of private parties viz. family settlements, SHAs, JVs should not be obligated for disclosure as there is no corresponding obligation on the contracting party to disclose such information to the Company and therefore may not be practically possible for the Company to ensure compliance.

5.3.2. The Shareholder Agreement(s) is an arrangement among a company's shareholders and the Company and includes information on the regulation of the shareholders' relationship, the management of the company, ownership of shares and privileges and protection of shareholders. Shareholder Agreement hence may not be treated as a Price Sensitive Information.

5.3.3. Unless the family settlement has a bearing on the shareholding pattern of the company, it should not be mandatory to disclose. Clarification has also be sought on terminology 'family settlement agreement(s)'.

5.3.4. Only changes which are likely to have a material financial impact on the company shall be required to be disclosed.

5.3.5. The significant terms of the agreement and the information to be specified therein may not be included in the scope of disclosures as it does not in any way

significantly affect the investment decision of the investor and is often confidential to the agreement.

5.4. **Recommendation of PMAC:** Important terms of conditions of the following agreements, which are not in normal course of business, need to be disclosed:

5.4.1. all shareholders agreements.

5.4.2. family settlement agreement to the extent that it impacts management and control of the listed entity.

5.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

6. **Commencement or any postponement in the date of commencement of commercial production or commercial operations of any material unit/division**

6.1. **Proposal in the discussion paper:** Listed entity shall notify the stock exchange(s) regarding the commencement of commercial production or the commencement of commercial operations of any material unit/division. In case of postponement in that date of commencement reasons for such postponement may be indicated along with a likely future date of such commencement.

6.2. **Current requirement:**

6.2.1. Listed entity shall promptly inform the stock exchange(s) under the sub-head, *Commencement of Commercial Production/ Commercial Operations*, of the commencement of commercial/ production or the commencement of commercial operations of any unit/division where revenue from the unit/division for a full year of production or operations is estimated to be not less than ten per cent of the revenues of the Issuer for the year. (Clause 36 of the Listing Agreement)

6.2.2. As per Section 180(1) of the Companies Act, 2013: 'undertaking' shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent of the total income of the company during the previous financial year; and 'substantially the whole of the undertaking' in any financial year shall mean twenty per cent. or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

6.3. **Public Comments:**

Event	Total Comments	For/Suggested Modification	Against
Commencement of operations of Material unit/division	7	3	0
Postponement in date of commencement – reason & future date of commencement		0	4
<b>Information</b> – No Information specified in Annexure-C	-	-	-

- 6.3.1. The determination of materiality of unit/ division may be linked to the explanation of the term 'undertaking' / 'substantially the whole of the undertaking' as in Section 180(1) of the Companies Act, 2013.
- 6.3.2. The 10% revenue threshold is a reasonable threshold for unit / division as in the existing clause 36 and 20% contribution to the consolidated revenue threshold for subsidiaries as in the existing clause 49.
- 6.3.3. Intimation of "postponement in date of commencement" should be deleted as it is relevant only if advance intimation for commencement is a requirement and which may not be adhered to. Under this framework since that is not a requirement the need to intimate postponement will never occur.

#### 6.4. **Recommendation of PMAC:**

- 6.4.1. The test for determination of materiality of unit/division should be left to the discretion of the listed entity, as materiality is a broad test to be used for making disclosures under Clause 36 in general, instead of being specific to this event.
- 6.4.2. In cases where the listed entity has made prior intimation of date of commencement of commercial production or operations, the listed entity should be required to disclose details in case of postponement of the date of commencement. This would ensure uniformity and continuity in disclosure.
- 6.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

#### 7. **Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal):**

- 7.1. **Proposal in the discussion paper:** Listed entity shall notify the stock exchange(s) of the details of any change in the general character or nature of its business. Further, the following indicative disclosures may be made:

##### 7.1.1. **Arrangements for strategic, technical, manufacturing, marketing or financial tie-up:**

- Agreement / joint venture (JV) with companies;
- name of the entity(ies) with whom agreement/ JV is signed;
- area of agreement/JV;
- domestic/International;
- share exchange ratio / JV ratio;
- scope of business operation of agreement / JV;
- details of consideration paid / received in agreement / JV;
- significant terms and conditions of agreement / JV in brief;
- whether the promoter/ promoter group/group companies have any interest in the entity/entity with whom the agreement / JV is signed? If yes, nature of interest and details thereof;
- whether the same would fall within related party transactions? If yes, whether the same is done at "arms length"

In the event that any such arrangement is called off for any reason, the same shall be disclosed along with the reasons for calling off the proposal.

**7.1.2. Adoption of new lines of business**

- industry to which the new line of business belongs to;
- area of new line of business;
- expected benefits;
- date of such adoption;
- estimated amount to be invested.

**7.1.3. Closure of operations of any material unit/division - (entirety or piecemeal)**

- date of such binding agreement, if any, entered for sale of such material unit/division, if any;
- amount & percentage of turnover or revenue or income and net worth of the listed entity contributed by such unit or division during the last financial year;
- date of closure;
- reasons for closure;
- estimated time of closure.

**7.2. Current requirement:** Listed entity shall promptly inform the stock exchange(s) of any material change in the general character or nature of its business where such change is brought about by the Issuer entering into or proposing to enter into any arrangement for technical, manufacturing, marketing or financial tie-up or by reason of the Issuer, selling or disposing of or agreeing to sell or dispose of any unit or division or by the Issuer, enlarging, restricting or closing the operations of any unit or division or proposing to enlarge, restrict or close the operations of any unit or division or otherwise. (Clause 36 of the Listing Agreement)

**7.3. Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Change in General character of nature of business	22	2	0
<b><u>Sub-event:</u></b>			
Arrangements for strategic, technical, manufacturing, marketing, financial tie-ups		8	0
Adoption of new lines of business		0	0
Closure of operations of any unit(s)/ division(s)		4	0
<b><u>Information</u></b>		5	3
Brief details of significant terms			
Details of consideration			
expected benefits			
date of adoption of new lines of business			
<b><u>Other information under these</u></b>		Nil	Nil



<b>events(Details at Annex-C)</b>			
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7.3.1. General character or nature of a business has not been defined. Can it be interpreted as change in general character or nature when a line of business other than that mentioned in the main objects clause of the Memorandum of Association has been adopted?

7.3.2. Concern has been expressed regarding disclosure of terms and conditions in agreements which are subject to non-disclosure viz. details of Joint Ventures, as these are confidential information of the Company. Further, only if financial tie-ups materially impact the profit of the company, it should require disclosure.

7.3.3. Disclosures should not be mandated when arrangements are at preliminary stage.

7.3.4. The expected benefits and date of adoption of new lines of business may vary from the actual results at the conclusion of the business and date may not be pre decided and hence may be deleted.

**7.4. Recommendation of PMAC:**

7.4.1. Listed entity should be required to report only material changes in general character or nature of business to avoid information overload.

7.4.2. Disclosure shall be required when material change in general character or nature of business is brought about by arrangements for strategic, technical, manufacturing, marketing or financial tie-up.

7.4.3. No carve out should be given from disclosure of non-disclosure agreements, as they are likely to be misused.

7.4.4. Where joint venture agreements are material they would need to be disclosed along with details of consideration and significant terms and conditions.

7.4.5. Agreements should be disclosed at the stage of receipt of board approval.

**7.5. Proposal:**

7.5.1. We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

7.5.2. Additionally it is felt that the following changes may be carried out to list of indicative disclosures:-

- Arrangements for financial tie-up may be deleted as these may be in ordinary course of business;
- Date of adoption of new line of business may be deleted.

**8. Material capacity addition or material product launch**

8.1. **Proposal in the discussion paper:** On occurrence of this event, the following indicative disclosures may be made by the listed entity:

**8.1.1. Material capacity addition:**

- existing capacity;
- existing capacity utilization;
- the amount and percentage of the turnover or revenue or income and net worth contributed by existing utilized capacity during the last financial year;
- proposed capacity addition;

- period within which the proposed capacity is to be added;
- investment required;
- mode of financing;
- rationale.

#### 8.1.2. **Material product launch:**

- name of the product;
- date of launch;
- category of the product;
- whether caters to domestic/ international market;
- name of the countries in which the product is launched (in case of international).

#### 8.2. **Current requirement: No existing requirement.**

#### 8.3. **Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Material capacity addition or material product launch	5	1	1
<b><u>Information</u></b> - existing capacity, utilization, addition proposed, amount and percentage of the turnover or revenue or income and net worth contributed by existing utilized capacity <b><u>- Other information under these events(Details at Annex-C)</u></b>		0	3
		Nil	Nil

8.3.1. The applicability of materiality would be difficult in case of companies in the service sector for disclosure of material product launch. In banking industry where product variants in banking are offered to customers from time to time, it would be operationally difficult to assess the financial parameters indicated in the quantitative criteria at the time of introduction of product unlike a manufacturing company.

8.3.2. The existing capacity, utilization, addition proposed, amount and percentage of the turnover or revenue or income and net worth contributed by existing utilized capacity would be business confidential information. Further this exemption has been given by Government for making this disclosure.

#### 8.4. **Recommendation of PMAC**

8.4.1. Information should be provided under head 'Material capacity addition', as the same is likely to have a direct impact on the financials and hence is important from the perspective of an investor.

8.4.2. No carve out should be given for listed entities in service sector, as the same is likely to be misused. Moreover, disclosures are being sought only for material events.

#### 8.5. **Proposal:**

8.5.1. We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

8.5.2. Additionally it is felt that the following may be deleted from list of indicative disclosures as it may be prone to misuse by competitors:  
the amount and percentage of the turnover or revenue or income and net worth contributed by existing utilized capacity during the last financial year may be deleted.

9. **Awarding, bagging/ receiving, amendment or termination of awarded/bagged material orders/contracts not in the normal course of business**

9.1. **Proposal in the discussion paper:** On occurrence of this event, the following indicative disclosures may be made by the listed entity:

9.1.1. **Awarding of material order(s)/contract(s)**

- name of the entity to which order(s)/contract(s) is awarded;
- whether order(s) / contract(s) is awarded to domestic/ international entity
- significant terms and conditions of order(s)/contract(s) awarded, in brief;
- time period, if any, associated with the order(s)/contract(s);
- broad commercial consideration for the order(s)/contract(s);
- whether the promoter/ promoter group/group companies have any interest in that entity to whom the order(s)/contract(s) is awarded? If Yes, nature of interest and details thereof;
- whether the same would fall within related party transactions? If yes, whether the same is done at “arms length”.

9.1.2. **Bagging/Receiving of material orders/contracts**

- name of the entity awarding the order(s)/contract(s);
- significant terms and conditions of order(s)/contract(s) awarded in brief;
- whether order(s) / contract(s) have been awarded by domestic/ international entity;
- nature of order(s) / contract(s); whether domestic or international;
- time period by which the order(s)/contract(s) is to be executed;
- broad consideration for the order(s)/contract(s);
- whether the promoter/ promoter group / group companies have any interest in the entity that awarded the order(s)/contract(s)? If yes, nature of interest and details thereof;
- whether the order(s)/contract(s) would fall within related party transactions? If yes, whether the same is done at “arms length”.

9.1.3. **Amendment or termination of material orders/contracts**

- name of parties to the order(s)/contract(s);
- nature of the order(s)/contract(s);
- date of execution of the order(s)/contract(s)
- details of amendment or reasons for terminations and impact thereof (to the extent possible).

9.2. **Current requirement** - No requirement exists.

9.3. **Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Awarding of material order(s)/contract(s)	18	0	16
Bagging/Receiving of material orders/contracts			
Amendment or termination of material orders/contracts		2	0
<b><u>Information-</u></b> <b><u>Other information under these events</u></b>		Nil	Nil

9.3.1. The requirement of this clause are very onerous as disclosing the information with regard to orders / contracts would be detrimental to the business/ interest of the company in the present competitive environment. The disclosure w.r.t. material orders / contracts should be exempted where it takes place in the ordinary course of business.

9.3.2. The details of amendment may be given only if such amendment is likely to have a material financial impact on the company and should not extend to commercial terms and hence to be either dropped or linked to materiality threshold.

9.4. **Recommendation of PMAC:** The PMAC made the following recommendations:

9.4.1. Awarding, bagging/ receiving, amendment or termination of awarded/bagged material orders/contracts, which are not in the normal course of business, should be disclosed. The same is in line with the practice followed in some of the markets.

9.4.2. Only important terms and conditions of contract and material amendments thereof need to be disclosed, to avoid information overload.

9.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

10. **Agreements (viz. material loan agreement(s)(as a borrower) or any other material agreement(s) which are binding and which are binding and not in normal course of business, material revision(s) or material amendment(s) and termination(s) thereof:**

10.1. **Proposal in the discussion paper:**

10.1.1. On occurrence of this event, the following indicative disclosures may be made by the listed entity:

- name(s) of parties with whom the agreement is entered;
- purpose of entering into the agreement;
- shareholding, if any, in the entity with whom the agreement is executed;
- significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;

- in case of issuance of shares to the parties, details of issue price, class of shares issued;
- in case of material loan agreements, details of lender, nature of the loan, total amount of loan granted, total amount outstanding, date of execution of the loan agreement/sanction letter, details of the security provided to the lenders for such loan;
- any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;
- in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):
  - i. name of parties to the agreement ;
  - ii. nature of the agreement;
  - iii. date of execution of the agreement;
  - iv. details of amendment and impact thereof or reasons of termination and impact thereof.

## 10.2. Current requirement

10.2.1. The Listed entity shall notify to the stock exchange and also disseminate through its own website, immediately upon entering into agreements with media companies and/or their associates. The clause also details the other information to be submitted. These include

- shareholding (if any) of such media companies/associates in listed entity;
- other disclosures related to such agreements, viz., details of nominee of the media companies on the Board of the issuer company;
- any management control or potential conflict of interest arising out of such agreements, etc.; and
- disclosures regarding any other back to back treaties/contracts/agreements/MoUs or similar instruments entered into by the issuer company with media companies and/or their associates for the purpose of advertising, publicity, etc.

## 10.3. Public comments

Event	Total Comments	For/Suggested Modification	Against
Disclosure of Agreements	22	4	2
Material loan agreement(s)		4	5
Other material agreement(s) which are binding		0	1
Revision(s) or amendment(s) or termination(s)		3	0
<b><u>Information</u></b> Significant Terms <b><u>Other information under these events(Details at Annex-C)</u></b>		0 Nil	3 Nil

Only material agreements which are not in the normal course of business shall be required to be disclosed.

- 10.3.1. In certain cases disclosure of information would be a breach of contractual obligations.
- 10.3.2. The loan agreements are entered into by companies in normal course of business and should not be required to be disclosed unless the loan is for a new project or a major capital expenditure. Further, this requirement should be reviewed for banking companies/FIs as they in the normal course of business enter into loan agreements. Only material loan agreement where security of property is involved should be disclosed.
- 10.3.3. The materiality threshold of 5% of turnover may be considered appropriate for certain transactions/agreements, however, these thresholds will most likely be crossed by most of the loan agreements, which will result in overflow of information and hence for loan agreement should be limited to 20% of consolidated net-worth of the company.  
Only changes which are likely to have a material financial impact on the company shall be required to be disclosed.
- 10.3.4. The significant terms of the agreement and the information to be specified therein may not be included in the scope of disclosures as it does not in any way significantly affect the investment decision of the investor and is often confidential to the agreement. For material loan agreement some of the information cannot be given immediately and company is in receipt of such information over a period of time.

#### 10.4. **Recommendation of PMAC**

- 10.4.1. Important terms of conditions of the following agreements, which are not in normal course of business, need to be disclosed:
- material loan agreements (as a borrower);
  - other material agreements.
- 10.4.2. Material changes to such terms & conditions should be disclosed on an ongoing basis, to ensure consistency and to keep investors apprised about the updates on the agreements.
- 10.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

#### 11. **Material disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.:**

- 11.1. **Proposal in the discussion paper:** Disruption of operations both at the time of occurrence and periodically, till complete normalcy is restored shall be disclosed by listed entity. Further, the following indicative disclosures may be made :
- 11.1.1. Disruption of operations
- expected quantum of loss/damage caused;
  - whether loss/damage covered by insurance or not including amount;

- impact on the production/operations in case of strikes/lock outs. Factory/unit where the strike/lock out takes place including reasons for such strike.

11.1.2. Periodically, till complete normalcy is restored:

- insurance amount claimed and realized by the listed entity for the loss/damage;
- the actual amount of damage caused due to the natural calamity or other force majeure events;
- details of steps taken to restore normalcy and the impact of the natural calamity/other force majeure events on production or service, financials of the entity.

11.2. **Current requirement:** Listed entity shall promptly inform the stock exchange(s):

11.2.1. under the head 'Disruption of operations due to natural calamity' soon after the occurrence of any natural calamity like earthquake, flood or fire disruptive of the operation of any one or more units of the listed entity;

11.2.2. of the details of the damage caused to the unit thereby and whether the loss/damage has been covered by insurance and without delay furnish to the stock exchange(s) an estimate of the loss in revenue or production arising there from, and the steps taken to restore normalcy, in order to enable the security holders and the public to appraise the position of the issue and to avoid the establishment of a false market in its securities. (Clause 36 of the Listing Agreement)

11.3. **Public Comments:**

Event	Total Comments	For/ Suggested Modification	Against
Disruption of operations of any one or more units or division or subsidiary of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc;	15	12	0
<b><u>Information</u></b> Expected quantum of loss/damage <b><u>Other information under these events(Details at Annex-C)</u></b>		- Nil	3 Nil

11.3.1. While, some comments suggest that the reporting may be done only for material units or subsidiaries, others have suggested that only material disruptions may be reported. Certain events (e.g. strike, lock-out) may not be material at time of occurrence and subsequently may become material and further if disclosed without materiality, may become more challenging to close and/or be misused to gain publicity.

11.3.2. Events like e.g. strikes, lock-outs, disruptions can occur in the normal course of operations and reporting it even if it is for short durations is not practicable. Disruptions for period exceeding say fortnight or where the loss is material only would need to be reported.

11.3.3. It may not be able to assess loss/damage caused on immediate basis.

- 11.4. **Recommendation of PMAC:**
- 11.4.1. Only material disruption of operations should be disclosed.
- 11.4.2. Information on assessment of material loss/damage should not be deleted.

11.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

12. **Material effect(s) arising out of change in the regulatory framework applicable to the listed entity:**

12.1. **Proposal in the discussion paper:** Listed entity shall disclose material effect(s) arising out of change in the regulatory framework applicable to the listed entity. No indicative disclosures have been prescribed.

12.2. **Current requirement:** Listed entity shall promptly inform the exchange, under the head 'Developments with respect to pricing/ realisation arising out of change in the regulatory framework', of the developments with respect to pricing of or in realisation on its goods or services (which are subject to price or distribution, control/restriction by the Government or other statutory authorities, whether by way of quota, fixed rate of return, or otherwise) arising out of modification or change in Government's or other authorities' policies provided the change can reasonably be expected to have a material impact on its present or future operations or its profitability. (Clause 36 of the Listing Agreement)

12.3. **Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Material effect(s) arising out of change in the regulatory framework applicable to the listed entity	6	0	6
<b>Information</b> – No Information specified in Annexure-C			

12.3.1. This requirement should be deleted as changes in the regulatory framework are in public domain and can ideally presumed to be known to all. Also intimating impact on the entity, arising out of such changes in regulatory framework within 1 day, will be too onerous as entities will have to identify, understand and then prepare necessary action plans to evaluate the effects, if any, such change would have. In many instances, there may not be clarity in the changes in the Law/ regulation. Further it may differ across companies and giving this information may fall under the broad head of investment advice.

12.4. **Recommendation of PMAC:** Disclosure of material effect(s) arising out of change in the regulatory framework applicable to the listed entity should be disclosed.

12.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

13. **Litigation(s) / dispute(s) / regulatory action(s) with material impact:**



13.1. **Proposal in the discussion paper:** Listed entity shall notify the stock exchange(s) upon it or its key management personnel or its promoter / ultimate person in control 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 a material impact. Further, the following indicative disclosures may be made:

13.1.1. **At the time of becoming the party**

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

13.1.2. **Periodically till the litigation is concluded or dispute is resolved:**

- the details of any change in the status and / or any material development in relation to such proceedings;
- in the event of settlement of the proceedings, details of such settlement including - material terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the listed entity.

13.2. **Current requirement:** Listed entity shall promptly inform the stock exchange(s), under the head 'Litigation /dispute with a material impact ',of the developments with respect to any dispute in conciliation proceedings, litigation, assessment, adjudication or arbitration to which it is a party or the outcome of which can reasonably be expected to have a material impact on its present or future operations or its profitability or financials.

13.3. **Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Litigation(s) / dispute(s) / regulatory action(s) with material impact	6	5	0
<b><u>Information</u></b> - expected <b><u>financial</u></b> implications, if any, due to compensation, penalty etc;		0	1
<b><u>Other information under these events(Details at Annex-C)</u></b>		Nil	Nil

13.3.1. Litigations of personal nature should be excluded, e.g. personal income tax assessments of promoter, key managerial personnel. Further, periodic disclosures should be restricted to key developments such initiation of litigation / dispute / regulatory action and its closure.

13.3.2. The time of becoming the party to any litigation, assessment, adjudication, arbitration or dispute, disclosure of expected financial implications, if any, due to compensation, penalty, etc., can unduly work against the company. This, can be interpreted as acceptance of default in a legal suit and can be used against the company even though the litigation may still be pending.

**13.4. Recommendation of PMAC:**

13.4.1. Litigation of personal nature, relating to promoters/KMP, should be disclosed, as litigation impacting such entities would also have an impact on operations of the listed entity.

13.4.2. Periodic disclosures should be restricted to material developments.

13.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

**14. Fraud or Defaults by key managerial personnel or by listed entity , material frauds / defaults etc. by directors (other than key managerial personnel) or employees of listed entity: :**

14.1. **Proposal in the discussion paper:** On occurrence of this event, the following indicative disclosures may be made by the listed entity:

**14.1.1. At the time of unearthing of fraud or occurrence of the default/litigation**

- nature of fraud/default/litigation;
- estimated impact on the listed entity;
- time of occurrence;
- person(s) involved;
- estimated amount involved (if any);
- whether such fraud has been reported to appropriate authorities.

**14.1.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default/litigation, including:**

- actual amount involved in the fraud /default/litigation (if any);
- actual impact of such fraud /default/litigation on the listed entity and its financials; and
- corrective measures taken by the listed entity on account of such fraud;
- in the case of litigation against directors, employees or agents, regularly provide details of any change in the status and / or any material development in relation to such proceedings.

14.2. **Current requirement:** No requirement exists.

14.2.1. **Section** 143(12) of the 2013 Act, if an auditor of a company, in the course of the performance of his duties as auditor, has reason to believe that an offence involving fraud is being or has been committed against the company by officers or employees of the company, he shall immediately report the matter to the Central Government.

**14.3. Public comments**

<b>Event</b>	<b>Total Comments</b>	<b>For</b>	<b>Against</b>
Material Fraud(s)/Default(s) etc. by directors, employees, agents of the listed entity	8	8	0
<b>Information:</b>			

<b>Other information under these events(Details at Annex-C)</b>	Nil		Nil
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14.3.1. Only material fraud, default/litigation should require disclosure.

14.3.2. The word “agents” has not be defined and it will be difficult to determine as to who will be considered as an agent. Further it will not be easy and tenable to obtain details of frauds/defaults by agents as a company does not exercise control over them and only frauds against the company should be covered.

14.3.3. This clause may be aligned with provisions of Companies Act, 2013.

#### 14.4. **Recommendation of PMAC**

14.4.1. Frauds/borrowing defaults by KMPs would affect the day to day operation and performance of the listed entity, hence, disclosure shall be made for all frauds by KMPs

14.4.2. For other employees disclosure shall be made for only material frauds.

14.4.3. Material borrowing default(s) by the listed entity should also be included, considering it being a separate legal entity.

14.4.4. The word 'agent' needs to be dropped from disclosure of material Fraud(s)/Default(s), as the same is not defined and is ambiguous.

14.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

#### 15. **Miscellaneous events**

15.1. **Proposal in the discussion paper:** On occurrence of the events, the following indicative disclosure may be made by the listed entity:

15.1.1. **Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer), Company Secretary Auditor, Compliance Officer):**

- reason for change viz. appointment, resignation, removal, death or otherwise;
- date of appointment/cessation (as applicable) & term of appointment;
- brief profile (in case of appointment);
- disclosure of relationships between directors (in case of appointment of a director);
- letter of appointment of independent director along-with the detailed profile;
- letter of resignation of directors along with the detailed reasons of resignation.

Information at points (d),(e) and (f) shall be provided to stock exchange(s) for dissemination not later than one working day from the date of receipt.

15.1.2. **Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals**

- name of the regulatory or licensing authority;
- brief details of the approval/license obtained/ withdrawn/ surrendered;
- impact/relevance of such approval/license to the listed entity ;
- withdrawal/cancellation or suspension of licence/approval by the regulatory or licensing authority, with reasons for such action, estimated impact (monetary or otherwise) on the listed entity and penalty, if any;

- period for which such approval/license is/was valid;
- Subsequently, the listed entity shall inform the stock exchange(s), the actual impact (monetary or otherwise) along with corrective actions taken by the listed entity pursuant to the withdrawal, cancellation or suspension of the key license/ approval.

**15.1.3. Corporate debt restructuring (“CDR”)**

- whether CDR is voluntary or referred by lenders/creditors and reasons for opting;
- details of the loan to be subjected to restructuring under CDR;
- brief details of the CDR proposal (if any);
- the following updates to be provided at the time of the execution and at various stages of the implementation of the CDR scheme:
  - i. upon execution of any agreement in relation to the CDR proposal, disclose details such as date of execution, parties to the agreement and principal terms;
  - ii. details of final CDR package as approved by RBI and the lenders;
  - iii. creditors involved;
  - iv. brief summary of the CDR scheme including details of the securities, interest payment, repayment schedule, negative and other restrictive covenants.

**15.1.4. One time settlement (OTS)**

- reasons for opting for OTS;
- brief summary of the OTS.

**15.1.5. Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity and the following:**

- date of notice/call letters/resolutions etc.;
- brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.

**15.1.6. Proceedings of annual and extraordinary general meetings of the listed entity and the following details in brief:**

- date of the meeting;
- brief details of items deliberated;
- manner of approval proposed for certain items (e-voting etc.).

**15.1.7. Amendments to memorandum and articles of association of listed entity, in brief.**

**15.1.8. Any other major development that is like to affect business, e.g. emergence of new technologies, expiry of patents etc and brief details thereof:**

**15.2. Current requirement :** The listed entity shall notify the stock exchange(s)/forward to the stock exchange(s):

- 15.2.1. Clause 36 (7): About any other information having bearing on the operation/performance of the company as well as price sensitive information, including, 'cancellation of dividend'.
- 15.2.2. Clause 31(d): Copy of the proceedings at all Annual and Extraordinary General Meetings of the Company
- 15.2.3. Clause 31 (c): Copies of all the notices, call letters or any other circulars including notices of meetings convened u/s 391 or section 394 read with section 391 of the Companies Act, 1956 together with Annexures thereto, at the same time as they are sent to the shareholders, debenture holders or creditors or any class of them or advertised in the Press Notices.
- 15.2.4. Clause 33: Copies of all notices sent to its shareholders with respect to amendments to its Memorandum and Articles of Association and file with the stock exchange(s) copies of such amendments as soon as they shall have been adopted by the Company
- 15.2.5. Clause 30 (a): Any change in the Company's directorate by death, resignation, removal or otherwise
- 15.2.6. Clause 30 (b): Any change of Managing Director, Managing Agents or Secretaries and Treasurers
- 15.2.7. Clause 30 (c): Any change of Auditors appointed to audit the books and accounts of the Company

**15.3. Public Comments:**

<b>Event</b>	<b>Total Comments</b>	<b>For/Suggested Modification</b>	<b>Against</b>
Change in directors, key managerial personnel and others	19	16	3
Grant, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals			
One time settlement (OTS)			
Corporate debt restructuring (CDR)			
Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity			
Proceedings of annual and extraordinary general meetings of the listed entity, in brief			
Amendments to memorandum and articles of association of listed entity			
Any other major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents etc			
<b><u>Information – Other information under these events (Details at Annex-C)</u></b>		Nil	Nil

- 15.3.1. The word 'other' in 'change in directors, key managerial personnel and others' may be removed to bring more clarity. Further, key managerial personnel, as defined under the Companies Act, 2013, with inclusion of Auditor and Compliance Officer,

should be considered. The material approvals should be disclosed and not key approvals.

15.3.2. The banking companies should be exempt disclosure of notices, call letters, resolutions and circulars sent to creditors as the same is in their ordinary course and information for each transaction would become too voluminous. Also banking companies should also be exempt from giving disclosure of OTS and CDR.

15.3.3. Clarification on the word 'One time settlement' should be given.

15.3.4. The clause 'any other major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents etc.' may be deleted as it too open and may include events beyond the control of the listed entity and further instead of word major, material should be used.

15.3.5. New events as follows may be included:

- Any forward looking guidance or change in forward looking guidance, including estimates for sales, operating profit, net profit, dividends;
- Giving of guarantees or indemnity or becoming a surety for any third party;
- Reference to BIFR and winding-up petition filed by any party / creditors;
- Appointment of Common Agency for Share Registry Transfer Work or appointment of new share transfer agent.

#### 15.4. **Recommendation of PMAC:**

15.4.1. Change in directors, key managerial personnel and others' should be aligned with provisions of Companies Act, 2013, to avoid hardship to listed entities in interpretation.

15.4.2. Carve out may not be permitted for listed banking entities. They should not be exempt from disclosure details of OTS, CDR, disclosure of notices, call letters, resolutions and circulars sent to creditors. Such an exemption is prone to misuse.

15.4.3. Major developments that are likely to affect business, e.g. emergence of new technologies, expiry of patents etc., should not be deleted.

15.4.4. Forward looking guidance need not be disclosed as it is prone to misuse.

15.4.5. Other events, (a) guarantees or indemnities given for any third party, (b) BIFR and winding-up petition, and (c) appointment of Common Agency for Share Registry Transfer Work or appointment of new share transfer agent, should be added to events necessitating disclosure.

15.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

#### 16. **Any event affecting the reputation of the listed entity/group**

16.1. **Current requirement:** No existing requirement.

16.2. **Proposal in the discussion paper:** Disclosure shall be made of any event affecting the reputation of the listed entity /group e.g. arrest of key managerial personnel/promoters on charges involving moral turpitude, etc.

#### 16.3. **Public Comments:**

Event	Total Comments	For/Suggested Modification	Against
Event affecting the reputation of the listed entity	5	5	0

<b>Information</b> – No Information specified in Annexure-C			
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16.3.1. Defining reputation for the purpose of making disclosure would not be possible as the same is subjective. Materiality should be added to the clause to avoid disclosure of every small event such as minor product complaint, etc.

16.3.2. While some comments suggest that the term group should be substituted by 'Material Indian Subsidiary' and the same may be defined as under Clause 49 of the Listing Agreement, other suggest that the term 'group' may be removed, as any show cause notice, etc. which may not even be related to the group would get disclosed leading to excessive information.

16.3.3. The receipt of show cause notices from regulators, adverse court orders against the company should also be included.

16.4. **Recommendation of PMAC:** PMAC was of the view that the terminology 'reputation' is very subjective and measurability of the same may not be possible. Further, the same may also lead to litigations, which are not desirable. Thus, it would not be desirable to make disclosure on such events mandatory.

16.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC. However the disclosure of arrest of key managerial personnel/promoters may be disclosed.

17. **Any other information viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities**

17.1. **Proposal in the discussion paper:** Disclosure shall be made of any other information viz. information which is exclusively known to the company which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid establishment of false market conditions.

17.2. **Public Comments:**

Event	Total Comments	For/Suggested Modification	Against
Information exclusively known to the company	4	4	0
<b>Information</b> – No Information specified in Annexure-C			

17.2.1. As the clause is open ended, likely occurrences in the form of examples may be provided.

17.3. **Current requirement:** No requirement exists.

17.4. **Recommendation of PMAC:** The proposal as contained in discussion paper be retained.

17.5. **Proposal:** We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

## **Guidance on when an event has occurred**

### **A. When can an event/information be said to have occurred?**

1.1. **Proposal in the discussion paper:** The listed entity may be confronted with the question as to when an event/information can be said to have occurred.

1.1.1. In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc, the answer to the above question would depend upon the timing when the listed entity became aware of the event/information.

- In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends, disclosure shall be made on receipt of approval of Board of Directors, pending Shareholder's approval.

- In the latter, the events/information can be said to have occurred when a listed entity becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

1.1.2. In case of securities or the derivatives which are listed outside India by the listed entity, parity in disclosures shall be followed and whatever is disclosed on overseas stock exchange(s) by the listed entity shall be disclosed on the stock exchange(s) where the entity is listed in India, at the same time.

1.1.3. At times the preliminary information about an event is such that the listed entity or the officer of the listed entity cannot reasonably determine whether the information is material or price sensitive or not and may need to wait for more information or seek expert advice or conduct investigation/inquiry in order to determine the nature of the information.

In such cases, the listed entity or its officer shall be construed to have become aware of the event/information when the probable impact of the event/information becomes known/ assessable to the extent of 75% of materiality threshold and not when the impact is finally and accurately assessed. *Explanation:* The term 'officer'



shall include a promoter, director or senior management personnel of the listed entity.

**1.2. Current requirement:**

1.2.1. No existing requirement in provisions of Listing Agreement.

1.2.2. The Companies Act, 2013 defines ‘officer’ and ‘Key managerial personnel’ as under:  
*“officer” includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act.”*

*“Key Managerial Personnel” in relation to company means – (i) Chief Executive Officer or Managing Director or the manager (ii) the company secretary (iii) the whole time director (iv) the chief financial officer and (v) such other officer as may be prescribed”*

**1.3. Public Comments:**

Criteria	Total Comments	For/Suggested Modification	Against
Instances which require approval – stage of approval, Instances which don’t require approval – timing when listed entity becomes aware	17	3	1
Where company is also listed outside India, simultaneous disclosure to stock exchange in India		1	1
When preliminary information is insufficient – when the probable impact is assessable to the extent of 75% of materiality threshold		6	5

1.3.1. Some of the comments suggest that the term “when a listed entity becomes aware”, should be replaced with “when an officer of the listed entity becomes aware”, as theoretically, the listed entity will become aware only once the Board of Directors is informed and it takes the information on record.

1.3.2. While some comments suggest that the term ‘Officer’ as defined in the Companies Act, 2013 may be used with inclusion of Promoter and senior management personnel, some others suggest that the term ‘Officer’ of a company is too wide and should be replaced by the term the KMP, as defined under the Companies Act, 2013.

1.3.3. The point of occurrence of the event should be the date of signing the definitive agreement rather than knowledge of the event. At times, the Board of listed entity may provide in-principle approval to a proposal and authorize the management to negotiate the specifications of the deal. Hence, disclosure should be required after the actual signing of the definitive agreement.

1.3.4. Where information is filed with an overseas stock exchange, the same be allowed to be furnished in electronic mode to the domestic exchanges or by giving a reference

to the link in case the document is uploaded on the website of the company. Further, owing to time zone differences, the document may be allowed to be filed with domestic exchange during its working hours after filing with overseas exchange during its working hours.

1.3.5. The requirement of disclosure upon crossing 75% if threshold may be dropped as, making disclosures based on likely happening would only result in unwarranted market reaction or establishing false market.

**1.4. Recommendation of PMAC:**

1.4.1. Responsibility for making disclosures to stock exchange lies with 'listed entity' upon its becoming aware of the information.

1.4.2. All information submitted or disclosed to overseas stock exchange(s) should be simultaneously disclosed to Indian stock exchange(s).

1.4.3. Criteria of disclosure 'upon assessing impact to the extent of 75% of materiality threshold' should be deleted, as the same is subjective and ambiguous.

**1.5. Proposal:**

1.5.1. We may agree with the proposals in the discussion paper with suitable modifications as recommended by PMAC.

1.5.2. Additionally, link the terms viz. Officer' and "Key Managerial Personnel" to the Companies Act, 2013.

**International practices**

For this review, international practices prevailing in countries such as USA, UK, Hongkong, Australia, Canada, China, Japan, have been examined. The decisions proposed in regulation 22 are broadly based on practices prevalent viz. based on criteria prevalent therein or disclosures to be made in these jurisdictions.

**Rationale for changes proposed above**

The proposed revision would ensure timely and adequate disclosures which are the defining characteristics of an efficient securities market. Also the practice of giving explanations for delays would make listed entities accountable and would ensure better adherence to timelines by listed entities.

Mandating listed entities to make periodic disclosures and reporting material developments/changes about itself and its subsidiaries would ensure that only important changes/developments are reported and hence would not lead to information overload.

Providing a list of events/information, qualitative guidelines for determining materiality and indicative list of information which may be disclosed in case of occurrence of events would ensure transparency and maintenance of parity of information in addition to providing guidance to the listed entities.

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