PART XXXVIII

COMPLIANCE OF LISTING AGREEMENT, EDIFAR AND DELISTING OF SECURITIES

Chapter 1

Compliances of Listing Agreement

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A public company whose shares are listed in one or more stock exchanges is required to enter into an agreement with such stock exchanges in their prescribed format and is called listing agreement. The listing agreement contains the conditions subject to modify from time to time to be complied with by the listed company so long as its shares and other securities are listed in such stock exchanges. (*See* Appendix 1)

The various conditions to be complied with by a company listed on one or more stock exchanges are given as under:—

1. Issue of Letter of Allotment [Clause 1]

The company shall issue Letters of Allotment simultaneously and that in the event of its being impossible to issue Letters of Regret at the same time a notice to that effect shall be inserted in the press so that it appear on the morning after the Letters of Allotment have been posted and Letters of Right shall also be issued simultaneously.

Letters of Allotment, Acceptance or Right should be serially numbered, printed on good quality paper and examined and signed by a responsible officer of the company and they shall contain the distinctive numbers of the securities to which they relate.

Letters of Allotment and renounceable Letters of Right shall contain a provision for splitting and when required by the Exchange the form of renunciation should be printed on the back of or attached to the Letters of Allotment and Letters of Right.

Letters of Allotment and Letters of Rights should state how the next payment of interest or dividend on the securities will be calculated.

2. Issuance of receipts for all the securities deposited [Clause 2]

The company will issue, when so required, receipts for all the securities deposited with it whether for registration of transfer, transmission, sub-division, consolidation, renewal, exchange or for other purposes.

3. Issue of share certificates [Clause 3]

The company shall have on hand at all times a sufficient supply of certificates to meet the demands for transfer, sub-division, consolidation and renewal.

Share certificates or Pucca Receipts shall be issued by the company within one month of the date of the expiration of any Right to Renunciation.

Share certificates shall be issued within one month of the date of lodgment for transfer, transmission, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies or Pucca Transfer Receipts shall be issued within fifteen days of such lodgment for transfer in denominations corresponding to the market units of trading autographically signed by a responsible official of the company and bearing an endorsement that the transfer and transmission has been duly approved by the directors or that no such approval is necessary.

The company shall issue without any charge the balance certificates, within one month, if so required and also issue new certificates in replacement of those, which are lost within six weeks of notification of loss and receipt of proper indemnity.

4. Split, consolidation, etc. of share certificates [Clause 4]

The company shall issue, unless the Exchange otherwise agrees and the parties concerned desire, Allotment Letters, Share Certificates, Call Notices and other relevant documents in market units of trading and in the case of share certificates issued pursuant to conversion of debentures or shares allotted in respect of tradeable warrants or exercise of rights or bonus issues or amalgamations which are not in market units of trading, in denominations of 1, 5, 10, 50 shares.

The company shall split certificates, Letters of Allotment, Letters of Right, and Split, Consolidation, Renewal and Pucca Transfer Receipts of large denominations into smaller units. It should consolidate certificates of small denominations into denominations corresponding to the market units of trading and issue within one week Split, Consolidation and Renewal Receipts duly signed by an official of the company and in denominations corresponding to the market units of trading, particularly when so required by the Exchange.

It shall exchange 'Rights' or 'Entitled' shares into Coupons or Fractional Certificates when so required by the Exchange.

The company shall issue call notices and splits and duplicates thereof in a standard form acceptable to the Exchange, to forward a supply of the same promptly to the Exchange for meeting requests for blank split and duplicate call notices, to make arrangements for accepting call moneys at all centers where there are recognised stock exchanges in India and not to require any discharge on call receipts.

The company shall accept the discharge of the members of the Exchange on Split, Consolidation and Renewal Receipts as good and sufficient without insisting on the discharge of the registered holders.

5. Documents lodged for sub-division, etc. in order [Clause 5]

When documents are lodged for sub-division, consolidation or renewal through the Clearing House of the Exchange, the company should accept the discharge of an official of the Stock Exchange Clearing House on the company's Split, Consolidation and Renewal Receipts as good and sufficient without insisting on the discharge of the registered holders.

When the company is unable to issue certificates or Split, Consolidation or Renewal Receipts

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immediately on lodgment, it shall verify whether the discharge of the registered holders on the documents lodged for sub-division, consolidation or renewal and their signature on the relative transfers are in order.

6. Certification of transfers [Clause 6]

The company shall certify transfers against Letters of Allotment, Certificates and Balance Receipts and promptly make on transfers an endorsement to the following effect:

"Name of Company ....

Certificate/Allotment Letter No. .... for the within mentioned .... shares is deposited in the Company's Office against this transfer No. ....

Signature(s) of Official(s) .... Date ...."

7. Endorsement on transfers [Clause 7]

On production of the necessary documents by shareholders or by members of the Exchange, the company shall make on transfers an endorsement to the effect that the Power of Attorney or Probate or Letters of Administration or Death Certificate or Certificate of the Controller of Estate Duty or similar other document has been duly exhibited to and registered by the company.

8. No charges for registration, issue of duplicate certificate, etc. [Clause 8]

The company should not make any charge:—

(*a*) for registration of transfers of its shares and debentures;

(*b*) for sub-division and consolidation of share and debenture certificates and for sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations corresponding to the market unit of trading;

(*c*) for sub-division of renounceable Letters of Right;

(*d*) for issue of new certificates in replacement of those which are old, decrepit or worn out, or where the cages on the reverse of recording transfers have been fully utilised;

(*e*) for registration of any Power of Attorney, Probate, Letters of Administration or similar other documents.

9. Charges not to exceed Stock Exchange charges [Clause 9]

The company should not charge any fees exceeding those which may be agreed upon with the Exchange:—

(*a*) for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;

(*b*) for sub-division and consolidation of share and debenture certificates and for sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading.

10. Verification of signatures of shareholders [Clause 10]

The company shall promptly verify the signatures of shareholders on Allotment Letters, Split, Consolidation, Renewal, Transfer and any other Temporary Receipts and transfer deeds when so required by the shareholders or a member of the Exchange or by the Stock Exchange Clearing House.

11. Entertaining applications of transfers [Clause 11]

The company should entertain applications for registering transfers of its securities when:—

(*a*) the instrument of transfer is in any usual or common form approved by the Exchange; and

(*b*) the transfer deeds are properly executed and accompanied either by certificates or by Letters of Allotment, Pucca Transfer Receipts or Split, Consolidation or Renewal Receipts duly discharged either by the registered holders or, in the case of Split, Consolidation and Renewal Receipts, by the members of the Exchange or an official of the Stock Exchange Clearing House as provided herein.

12. Non- registration of transfer of shares in exceptional circumstances [Clause 12]

On lodgment of the proper documents, the company shall register transfers of its securities in the name of the transferee except:—

(*a*) when the transferee is, in exceptional circumstances, not approved by the directors in accordance with the provisions contained in the Articles of Association of the company, in which event the President of the Exchange will be taken into confidence, when so required, as to the reasons for such rejection;

(*b*) when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the company from transferring the securities out of the name of the transferor;

(*c*) when the transferor objects to the transfer provided he serves on the company within a reasonable time a prohibitory order of a Court of competent jurisdiction.

13. Transfer of Shares [Clause 12A]

When proper documents are lodged for transfer and there are no material defects in the documents except minor difference in signature of the transferor(s):—

(*i*) the company shall promptly send to the first transferor an intimation of the aforesaid defect in the documents and inform the transferor that objection, if any, of the transferor supported by valid proof, is not lodged with the company within fifteen days of receipt of the company's letter, then the securities will be transferred;

(*ii*) if the objection from the transferor with supporting documents is not received within the stipulated period, the company shall transfer the securities provided the company does not suspect fraud or forge in the matter.

When the signature of transferor(s) is attested by a person authorised by the Ministry of Company Affairs, u/s 108(1A) of the Companies Act, 1956, then the company shall not refuse to transfer the securities on the ground of signature difference unless it has reason to believe that a forgery or fraud is involved.

In respect of transfer of shares where the company has not effected transfer of shares within one month or where the company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the company shall compensate the aggrieved party for the opportunity losses caused during the period of the delay.

Any claim, difference or dispute arising out of clause 12A(3) may be referred to and decided by arbitration as provided in the Bye-Laws and Regulations of the Exchange. The issuer further agrees to actively participate in any arbitral proceeding so initiated and comply with the arbitration award. In addition, the company keeping in view the provisions of section 206A of the Companies Act and section 27 of the Securities Contracts (Regulations) Act, 1956, provide all benefits (*i.e.* bonus shares, rights shares, dividend), which accrued, to the investor during the intervening period on account of such delay.

14. Intimation to the Stock Exchange of prohibitory orders restraining transfer of shares [Clause 13]

The company should notify the Exchange of any attachment or prohibitory orders restraining the company from transferring securities out of the names of the registered holders and furnish to the Exchange particulars of the number of securities so affected, the distinctive numbers of such securities and the names of the registered holders thereof.

15. Maintaining of registry office, etc. [Clause 14]

If, in view of the volume of the business in the listed securities of the company, the Exchange so requires, the company shall arrange to maintain a transfer register in the city with which it is entering into listing agreement, on which all securities of the company that are listed on the Exchange would be directly transferable; or it can maintain a registry office or some other suitable office satisfactory to the Exchange within that city, which will receive and redeliver all securities there tendered for the purpose of transfer, sub division, consolidation or renewal.

16. Closure of Books [Clause 15]

The company should not close its Transfer Books on such days (or, when the Transfer Books are not to be closed, fix such date for the taking of a record of its shareholders or debentureholders) as may be inconvenient to the Exchange for the purpose of settlement of transactions, of which due notice in advance shall have been given by the Exchange to the company. Simultaneously the company shall inform to the

NSDL and CDSL.

17. Prior intimation of closure of Books [Clause 16]

The company is require to close its Transfer Books for purposes of declaration of dividend or issue of right or bonus shares or issue of shares for conversion of debentures or of shares arising out of rights attached to debentures or for such other purposes as the Exchange may agree to or require.

The company shall close its Transfer Books at least once a year at the time of the annual general meeting if they have not been otherwise closed at any time during the year and to give to the Exchange the notice in advance of at least twenty one days (fifteen days in case of such securities which are announced by SEBI from time to time for compulsory delivery in dematerialized form by all investors)[1].

The notice issued by the company shall specify the dates of closure of Transfer Books (or, when the Transfer Books are not to be closed, the date fixed for taking a record of its shareholders or debenture holders) and specifying the purpose or purposes for which the Transfer Books are to be closed (or the record is to be taken) and to send copies of such notices to the other recognised stock exchanges in India. (Appendix 2) Simultaneously it shall give intimation to the CDSL and NSDL for preparation of records of the beneficiaries.

Minimum time gap between the two book closures and/or record dates would be at least 30 days.

[The company on whose stocks, derivatives are available or whose stocks form part of an index on which derivatives are available, shall give a notice period of 30 days to stock exchanges for corporate actions like mergers, de-mergers, splits and bonus shares.][2]

Non-compliance of Clause 16 being taken very seriously by the stock exchange and on immediate action, they suspend the trading of securities. Therefore adequate precautions should be taken and notice period must be considered from the commencing of the book closure period.

18. Accept transfers lodged upto the closure of Transfer Books [Clause 17]

The company will accept for registration transfers that are lodged with the company upto the date of closure of the Transfer Books (or when the Transfer Books are not closed, up to the record date) and register such transfers as per Clause 12 and unless the Exchange agrees otherwise, the company will defer, until the Transfer Books have reopened, registration of any transfers which may be received after the closure of the Transfer Books.

The SEBI has *vide* its Circular No. DNPD/CIR-28/2004/12/07, dated December 8, 2004 has further amended Clause 16 which provides that the company on whose stocks, derivatives are available or whose stocks form part of an index on which derivatives are available, shall give a notice period of 30 days to stock exchanges for corporate actions like mergers, de-mergers, splits and bonus shares.

19. Publishing of periodical interim statements [Clause 18]

The company will publish in a form approved by the Exchange such periodical interim statements of its working and earning as it shall from time to time agree upon with the Exchange.

20. Intimation of Board meeting [Clause 19]

Clause 19 of the listing agreement cast on the company an obligation to give prior intimation to the Exchange about the Board meeting at which proposal for buy back of securities, declaration/ recommendation of dividend or rights or issue of convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend is due to be considered, at least 7 days in advance.

It is also required to give notice simultaneously to the Stock Exchanges in case the proposal for declaration of bonus is communicated to the Board of directors of the company as part of the agenda papers. No prior intimation to the Exchange is required about the Board meeting in case the declaration of Bonus by the company is not on the agenda of the Board meeting.

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1 SEBI *vide* Circular No. SEBI/CFD/DIL/SE/43/2003, dated 20th Nov., 2003 has reduced the notice days from 42 and 30 days to 21days and 15 date respectively.

2 SEBI Circular No. DNPD/CIR-28/2004/12/07, dated December 8, 2004

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The company shall recommend or declare all dividend and/or cash bonuses at least five days before commencement of the closure of its transfer books or the record date fixed for the purpose.

When the securities are listed with NSE, the companies are also required to send the information in the format, which is given in Schedule IV by e-mail (cmlist@nse.co.in).

21. Action after the Board meeting [Clause 20]

The Companies shall be required to intimate the stock exchanges by Letter/fax, (or, if the meeting be held outside the city in which its shares are listed, by fax/telegram) within 15 minutes of the closure of the Board Meetings:—

(*a*) all dividends and/or cash bonuses recommended or declared or the decision to pass any dividend or interest payment;

(*b*) the 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.

(*c*) the decision on Buyback of Securities.

When the securities are listed with NSE, the companies are also required to send the information in the format which is given in Schedule IV by e-mail (cmlist@nse.co.in) within 15 minutes by the close of the Board Meeting.

22. Intimation about dividend [Clause 21]

The company shall fix and notify the Exchange at least twenty-one days in advance of the date on and from which the dividend on shares, interest on debentures and bonds, and redemption amount of redeemable shares or of debentures and bonds will be payable and will issue simultaneously the dividend warrants, interest warrants and cheques for redemption money of redeemable shares or of debentures and bonds, which shall be payable at par at such centers as may be agreed to between the Exchange and the company and which shall be collected at par, with collection charges, if any, being borne by the company, in any bank in the country at centers other than the centers agreed to between the Exchange and the company, so as to reach the holders of shares, debentures or bonds on or before the date fixed for payment of dividend, interest on debentures or bonds or redemption money, as the case may be.

23. Intimation about issue of shares [Clause 22]

The company shall immediately on the date of the Board meeting within 15 minutes of the closure of the Board meeting intimate to the Exchange by letter/fax/telegram or any other mode of communication:—

(*a*) short particulars of any increase of capital whether by issue of bonus shares through capitalisation, or by way of right shares to be offered to the shareholders or debentureholders, or in any other way;

(*b*) short particulars of the re-issue 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*) short particulars of any other alterations of capital including calls;

(*d*) any other information necessary to enable the holders of the listed securities of the company to appraise its position and to avoid the establishment of a false market in such listed securities.

24. Conditions of Rights Issue [Clause 23]

Clause 23 provides that the company in process of right issue is under an obligation:—

(*a*) to issue or offer in the first instance all shares, (including forfeited shares, unless the Exchange otherwise agrees), securities, right, privileges and benefits to subscribe to *pro-rata* to the equity shareholders of the company unless the shareholders in general meeting decide otherwise;

(*b*) to close the Transfer Books as from such date or to fix such record date for the purpose in consultation with the Exchange as may be suitable for the settlement of transactions and to so close the Transfer Books or fix the record date only after the sanctions, subject to which the issue or offer is proposed to be made have been duly obtained unless the Exchange agrees otherwise;

(*c*) to make such issues or offers in a form to be approved by the Exchange and unless the Exchange otherwise agrees to grant in all cases the right of renunciation to the shareholders and to forward a supply of the renunciation forms promptly to the Exchange;

(*d*) to issue, where necessary, coupons or fractional certificates unless the company in general meeting or the Exchange agrees otherwise, and when Coupons or fractional certificates are not issued to provide for the payment of the equivalent of the value, if any, of the fractional rights in cash;

(*e*) to give to the shareholders reasonable time not being less than four weeks, within to record their interest and exercise their rights;

(*f*) to issue Letter of Allotment or Letters of Right within six weeks of the record date or date of reopening of the Transfer Books after their closure for the purpose of making a bonus or rights issue and to issue Allotment Letters or Certificates within six weeks of the last date fixed by the company for submission of Letters of Renunciation or Applications for new securities.

25. Listing for new issue of Shares or Securities [Clause 24]

The company is required to obtain 'in-principle' approval for listing from the exchanges having nationwide trading terminals where it is listed, before issuing further shares or securities. Where the company is not listed on any exchange having nationwide trading terminals, it agrees to obtain such 'in-principle' approval from all the exchanges in which it is listed before issuing further shares or securities. The company is required to make an application to the Exchange for the listing of any new issue of shares or securities and of the provisional documents relating thereto.

The company shall make true, fair and adequate disclosure in the offer document/draft prospectus/letter of offer in respect of any new or further issue of shares/securities. It shall not issue any prospectus/offer document/letter of offer for public subscription of any securities unless the said prospectus/offer document/letter of offer has been vetted by SEBI and an Acknowledgment Card obtained from SEBI through the lead manager, unless the regulation/guidelines of the Securities and Exchange Board of India provide otherwise.

The company shall submit to the Exchange the following documents to enable it to admit/list the said securities for dealings on the Exchange, such as:—

(*a*) a copy of the Acknowledgment Card or letter indicating the observations on draft prospectus/letter of offer/offer documents by SEBI; unless the regulation/guidelines of the Securities and Exchange Board of India provide otherwise, and

(*b*) a certificate from a Merchant Banker acting as a lead manager to the issue reporting positive compliance by the company of the Guidelines on Disclosure and Investor Protection issued by SEBI.

In the event of non-submission of the documents as mentioned in sub-clause (*d*) above by the company to the Exchange or withdrawal of the Acknowledgment Card by SEBI at any time before grant of permission of listing/admission to dealings of the securities, the securities shall not be eligible for listing/dealing, as the case may be, and the company shall be liable to refund the subscription monies to the respective investors immediately.

The company shall file any scheme/petition proposed to be filed before any Court or Tribunal under sections 391,394 and 101 of the Companies Act, 1956, with the stock exchange, for approval, at least a month before it is presented to the Court or Tribunal.

The company is required to ensure that any scheme of arrangement/amalgamation/merger/reconstruction/reduction of capital, etc., to be presented to any Court or Tribunal does not in any way violate, override or circumscribe the provisions of securities laws or the stock exchange requirements.

The explanatory statement forwarded by the company to the shareholders u/s 393 or accompanying a proposed resolution to be passed u/s 100 of the Companies Act, shall disclose the pre and post-arrangement or amalgamation (expected) capital structure and shareholding pattern.

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26. Giving option to any person to purchase shares [Clause 25]

In the event of the company granting any options to purchase any shares of the company, the company should promptly notify the Exchange:—

(*a*) of the number of shares covered by such options, of the terms thereof and of the time within which they may be exercised;

(*b*) of any subsequent changes or cancellation or exercise of such options.

27. Inform the Stock Exchange of redemption of securities otherwise than *pro rata* [Clause 26]

The company shall not select any of its listed securities for redemption otherwise than *pro rata* or by lot, unless the terms of issue otherwise provide, and is required to furnish to the Exchange any information requested in reference to such redemption.

28. Redemption of Securities [Clause 27]

The company is under an obligation to notify the Exchange:—

(*a*) of any action which will result in the redemption, cancellation or retirement in whole or in part of any securities listed on the Exchange;

(*b*) of the intention to make a drawing of such securities, intimating at the same time the date of the drawing and the period of the closing of the Transfer Books (or the date of the striking of the balance) for the drawing;

(*c*) of the amount of security outstanding after any drawing has been made.

29. Notice to the Stock Exchange of any change in the form or nature of securities [Clause 28]

The company shall not make any change in the form or nature of any of its securities that are listed on the Exchange or in the rights or privileges of the holders thereof without giving twenty one days' prior notice to the Exchange of the proposed change and making an application for listing of the securities as changed if the Exchange shall so require.

30. Change in character or nature of business [Clause 29]

The company should promptly notify the Exchange of any proposed change in the general character or nature of its business.

31. Change in directors, managing directors and auditors [Clause 30]

The company shall notify the Exchange:—

(*a*) of any change in the company's directorate by death, resignation, removal or otherwise;

(*b*) of any change of Managing Directors;

(*c*) of any change of Auditors appointed to audit the books and accounts of the company.

32. Forwarding copies of notice [Clause 31]

The company is under an obligation to forward to the Exchange promptly and without application:—

(*a*) six copies of the Statutory Auditors and Directors' Report Annual Reports, Balance Sheets and Profit and Loss Accounts and of all periodical and special reports as soon as they are issued and one copy each to all the recognised stock exchanges in India;

(*b*) six copies of all notices, resolutions and circulars relating to new issue of capital prior to their despatch to the shareholders;

(*c*) three 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;

(*d*) copy of the proceedings at all annual and extraordinary general meetings of the company;

(*e*) three copies of all notices, circulars, etc., issued or advertised in the press either by the company, or by any company which the company proposes to absorb or with which the company proposes to merge or amalgamate, or under orders of the court or any other statutory authority in connection with any merger, amalgamation, re-construction, reduction of capital, scheme or arrangement, including notices, circulars, etc. issued or advertised in the press in regard to meetings of shareholders or debenture holders or creditors or any class of them and copies of the proceedings at all such meetings.

33. Supply of complete accounts, etc. [Clause 32]

The company shall supply a copy of the complete and full Balance Sheet, Profit and Loss Account and the Directors' Report, to each shareholder and upon application to any member of the Exchange.

However, the company may supply single copy of complete and full Balance Sheet and Profit & Loss Account and Directors' report to shareholders residing in one household (*i.e.*, having same address in the Books of company/Registrars/Share transfer agents). Provided that, the company on receipt of request shall supply the complete and full Balance Sheet and Profit & Loss Account and Directors' report also to any shareholder residing in such household. Further, the company will supply abridged Balance sheet to all the shareholders in the same household.

33.1 Change of name

In case the company has changed its name suggesting any new line of business (including software business), after 1st January, 1998 or it changes the name thereafter, then the company will disclose the turnover and income, etc., from such new activities separately in the annual results for a period of 3 years from the date of change in the name of the company.

In addition to the above provisions, listed companies which decide to change their names would be required to comply with the following conditions:—

(1) a time period of at least 1 year should have elapsed from the last name change;

(2) at least 50% of the total revenue in the preceding 1 year period should have been accounted for by the new activity suggested by the new name. The new name along with the old name shall be disclosed through the web sites of the respective stock exchange/s where the company is listed and also through the EDIFAR web site for a continuous period of one year, from the date of the last name change The company will also give a Cash Flow Statement along with Balance Sheet and Profit and Loss Account. The Cash Flow Statement will be prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India, and the Cash Flow Statement shall be presented only under the Indirect Method as given in AS-3.

33.2 Consolidated Financial Statements as applicable wherever necessary

The company will mandatorily publish Consolidated Financial Statements in its Annual Report in addition to the individual financial statements. The company will have to get its Consolidated Financial Statements audited by the statutory auditors of the company and file the same with the Stock Exchange.

33.3 Related Party Disclosures

The company will make disclosures in compliance with the Accounting Standard on "Related Party Disclosures" in its Annual Report.

33.4 Disclosure of loans/advances and investments in its own shares by the listed companies, their subsidiaries, associates etc.

The following disclosure requirements shall be complied by the companies in the Annual Accounts:

Sl. No.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year.	
1.	Parent	•	Loans and advances in the nature of loans to subsidiaries by name and amount.
		•	Loans and advances in the nature of loans to associates by name and amount.
		•	Loans and advances in the nature of loans where there is:— (*i*) no repayment schedule or repayment beyond seven years; or (*ii*) no interest or interest below section 372A of Companies Act by name and amount.

Sl. No.	In the accounts of		Disclosures of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year.
		•	Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.
2.	Subsidiary		Same disclosures as applicable to the parent company in the accounts of subsidiary company.
3.	Parent		Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.

Notes.—

(1) For the purpose of the above disclosures the terms "parent" and "subsidiary" shall have the same meaning as defined in the Accounting Standard on Consolidated Financial Statement (AS-21)" issued by ICAI.

(2) For the purpose of the above disclosures the terms 'Associate' and 'Related Party' shall have the same meaning as defined in the Accounting Standard on "Related Party Disclosures (AS-18)" issued by ICAI.

(3) For the purpose of above disclosures directors interest shall have the same meaning as given in section 299 of Companies Act.

The above disclosures shall be applicable to all listed companies except for listed banks.

34. Forwarding to Exchange Copies of all notes [Clause 33]

The company is under an obligation to forward to the Exchange copies of all notices sent to its shareholders with respect to amendments to its Memorandum and Articles of Association and will file with the Exchange six copies (one of which will be certified) of such amendments as soon as they shall have been adopted by the company in general meeting.

35. Lien on Shares etc. [Clause 34]

The company shall not exercise a lien on its fully paid shares and that in respect of partly paid shares it shall not exercise any lien except in respect of moneys called or payable at a fixed time in respect of such shares.

It shall not decline to register or acknowledge any transfer of shares on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever.

It shall not forfeit unclaimed dividends before the claim becomes barred by law and that such forfeiture, when affected, will be annulled in appropriate cases.

If any amount be paid up in advance of calls on any shares it will stipulate that such amount may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.

The company shall not give to any person the call of any shares without the sanction of the shareholders in general meeting.

It shall send out proxy forms to shareholders and debenture holders in all cases, such proxy forms being so worded that a shareholder or debenture holder may vote either for or against each resolution.

When notice is given to its shareholders by advertisement it will advertise such notice in at least one leading daily newspaper of the city with which it has entered into a listing agreement.

36. Distribution of Schedule [Clause 35]

SEBI has revised Clause 35 of the Listing Agreement vide its Circular No. SEBI/CFD/DIL/LA/2006/ 13/4, dated 13.04.2006. Shareholding pattern of a company is important information for the stakeholders. This information is available in the statement of shareholding pattern. The listed companies are now required to submit their shareholding pattern on a quarterly basis, within twenty days[1] of end of each quarter in the format given in Appendix 3.

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1 SEBI vide Circular No. SEBI/CFD/DIL/ LA/2006/13/4 dt. 13.04.2006 has revised days from 15 to 21 days.

The shareholding pattern will now be indicated under three categories, viz., "shares held by promoter and promoter group", "shares held by public" and "shares held by custodians and against which depository receipts have been issued."

Further, details such as number of shareholders, number and percentage of shares held, number of shares held in dematerialized form etc. shall be given for all the three categories.

37. Informing exchange of events [Clause 36]

Apart from complying with all specific requirements as above, the company should keep the Exchange informed of events such as strikes, lock-outs, closure on account of power cuts, etc. both at the time of occurrence of the event and subsequently after the cessation of the event and such other events which have a bearing on the performance/operations of the company as well as price sensitive information in order to enable the shareholders and the public to appraise the position of the company and to avoid the establishment of a false market in its securities. Companies shall immediately disclose all material information simultaneously to all the Stock Exchanges where the securities of the company are listed.

The material events may be events such as:

37.1 Change in the general character or nature of business

Without prejudice to the generality of Clause 29 of the Listing Agreement, the company will promptly notify the Exchange of any material change in the general character or nature of its business where such change is brought about by the company entering into or proposing to enter into any arrangement for technical, manufacturing, marketing or financial tie-up or by reason of the company, selling or disposing of or agreeing to sell or dispose of any unit or division or by the company, 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.

37.2 Disruption of operations due to natural calamity

The company will 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 company keep the Exchange informed 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 Exchange 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.

37.3 Commencement of Commercial Production/Commercial Operations

The company will promptly notify the Exchange 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 company for the year.

37.4 Developments with respect to pricing/realisation arising out of change in the regulatory framework

The company will promptly inform the Exchange 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 authority's policies provided the change can reasonable be expected to have a material impact on its present or future operations or its profitability.

37.5 Litigation/dispute with a material impact

The company will promptly after the event inform the Exchange 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.

37.6 Revision in Ratings

The company will promptly notify the Exchange, the details of any rating or revision in rating assigned to any debt or equity instrument of the company or to any fixed deposit programme or to any scheme or proposal of the company 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 company.

37.7 Any other information having bearing on the operation/performance of the company as well as price sensitive information, which includes but not restricted to

(*i*) Issue of any class of securities.

(*ii*) Acquisition, merger, de-merger, amalgamation, restructuring, scheme of arrangement, spin off or selling divisions of the company, etc.

(*iii*) Change in market lot of the company's shares, sub-division of equity shares of company.

(*iv*) Voluntary delisting by the company from the stock exchange(s).

(*v*) Forfeiture of shares.

(*vi*) 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.

(*vii*) Information regarding opening, closing of status of ADR, GDR, or any other class of securities to be issued abroad.

(*viii*) Cancellation of dividend/rights/bonus, etc.

The above information should be made public immediately.

38. Supply of any information in compliance of listing requirements [Clause 37]

The company shall make available immediately to its members and to the Press any information supplied by the company in compliance with any of the listing requirements provided that in cases where it is contended that such disclosure might be detrimental to the company's interest a special submission to that effect may be made for the consideration of the Exchange when furnishing the information.

39. Payment of listing fee [Clause 38]

The company shall as soon as its securities are listed on the Exchange, pay to the Stock Exchange an initial listing fee as prescribed by the Stock Exchange and so long as the Securities continue to be listed on the Stock Exchange, it will pay to the Exchange on or before 30th April, in each year an Annual Listing Fee computed on the basis of the capital of the company as on 31st March and worked out as provided in making application for listing of securities arising out of further issue, as is computed in terms of the Schedule II given in Listing agreement for any addition in the Capital after 31st March.

The company shall pay to the depositories Annual Custodian Fee at such rates as specified by SEBI from time to time.

40. Compliance of byelaws, rules and regulations of the Stock Exchange [Clause 39]

The Company in the event of application for listing being granted in pursuance of this agreement shall be subject to the Rules, Byelaws and Regulations of NSE in regard to listing of securities, which now are or hereafter may be in force. As a pre-condition for continued listing the Issuer further undertakes to forthwith comply with such future conditions as may be stipulated by NSE from time to time as conditions and requirements for listing of securities.

The company will undertakes, as a pre-condition for continued listing of securities hereunder, to comply with any regulations, requirements, practices and procedures as may be laid down by the NSE for the purpose of immobilisation or dematerialisation of securities hereunder in pursuance of the then prevailing statutes and/or statutory regulations, to facilitate scripless trading.

The company shall not make a rights issue, where the aggregate value of the securities, including premium, if any, exceeds Rs. 50 Lakhs, unless a category I Merchant Banker holding a valid certificate of registration issued by SEBI has been appointed to manage the issue and has submitted the offer document to SEBI, wherever required under the applicable SEBI guidelines/regulations.

41. Minimum level of public shareholding [Clause 40A]

SEBI has revised Clause 40A of the Listing Agreement vide its Circular No. SEBI/CFD/DIL/LA/ 2006/13/4 dated 13.04.2006. The revised Clause 40A has come into force w.e.f. 01.05.2006.

41.1 Companies maintaining minimum level of shareholding

Under revised Clause 40A, all listed companies other than those mentioned herein under, will be required to ensure minimum level of public shareholding at 25% of the total number of issued shares of a class or kind for the purpose of continuous listing:

(*a*) Companies which, at the time of initial listing, had offered less than 25% but not less than 10% of the total number of issued shares of a class or kind, in terms of Rule 19(2)(*b*) of Securities Contract (Regulation) Rules, 1957 or companies desiring to list their shares by making an IPO of at least 10% in terms of rule 19(2)(*b*) of SCRR.

(*b*) Companies which have, irrespective of the percentage of their shares with public at the time of initial listing, reached a size of two crores or more in terms of number of listed shares and Rs.1,000 crores or more in terms of market capitalization.

The companies at (*a*) and (*b*) above will be required to maintain the minimum level of public shareholding at 10% of the total number of issued shares of a class or kind for the purposes of continuous listing.

The term "public shareholding" shall exclude—

(*a*) shares held by promoters and promoter group; and

(*b*) shares which are held by custodians and against which depository receipts are issued overseas.

41.2 Companies exempted from minimum 10% shareholding

Minimum level of maintaining 10% of public shareholding is not applicable to:

(*a*) Government Company as defined u/s 617 of the Companies Act;

(*b*) Company in respect of which reference is or has been made to the BIFR and such reference is pending;

(*c*) Company in respect of which any rehabilitation scheme is sanctioned by the BIFR/NCL and is pending full implementation or any appeal is pending regarding such reference or scheme before the Appellate Authority for Industrial and Financial Reconstruction or National Company Law Appellate Tribunal;

(*d*) Infrastructure company as defined in clause 1.2.1(*xv*) of the SEBI (DIP) Guidelines, 2000

41.3 Fall out in minimum level of shareholding

Where, as on May 1, 2006, the shares of a particular class or kind issued by the company are listed and the public shareholding in respect of shares of such class or kind is less than 25% or 10%, as the case may be, of the total number of issued shares of such class or kind, the company shall increase public shareholding in respect of shares of such class or kind to 25% or 10%, as the case may be, within such period as may be approved by the Specified Stock Exchange (SSE) but not exceeding two years from the said date.

41.4 Extension in time period for maintaining minimum level of shareholding

Specified Stock Exchange may, on an application made by the company and after satisfying itself about the adequacy of steps taken by the company to increase its public shareholding and genuineness of the reasons submitted by the company for not reaching the minimum level of public shareholding and after recording reasons in writing, extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year.

41.5 Dilution of public shareholding except for extraordinary events

If the public shareholding falls below 25% or 10% limit, as the case may be, the company shall not dilute its public shareholding with the prior approval of SSE, except for supervening extraordinary events, including, but not limited to events specified as under:

(*a*) issuance or transfer of shares in compliance with directions of a regulatory or statutory authority or court or tribunal;

(*b*) issuance or transfer of shares in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

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(*c*) re-organization of capital by way of a scheme of arrangement; and

(*d*) issuance or transfer of shares under a restructuring plan approved in compliance with the Corporate Debt Restructuring System laid down by the Reserve Bank of India.

41.6 Extension of time by SSE suo moto on application made by company

In the above specified events the SSE may, after examining and satisfying itself about the circumstances of the case and after recording reasons in writing, extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year.

SSE may, on an application made by the company and after satisfying itself about the adequacy of steps taken by the company to increase its public shareholding and genuineness of the reasons submitted by the company for not reaching the minimum level of public shareholding and after recording reasons in writing, extend the time for compliance with the requirement of minimum level of public shareholding by a further period not exceeding one year.

41.7 Restriction on allotment of shares to promoters or promoter group

The company shall not make any allotment of its shares to its promoters or entities belonging to its promoter group, except on account of supervening extraordinary events specified above or make any offer to buyback its shares or buy its shares for the purpose of making sponsored issuance of depository receipts or take any other step, including issuance of depository receipts, if it results in reducing the public shareholding below the minimum level of 25% or 10%, as the case may be.

41.8 Mode of raising public shareholding to minimum level

Following methods shall be adopted to raise the public shareholding to the minimum level:

(*a*) issuance of shares to public through prospectus;

(*b*) offer for sale of shares held by promoters to public through prospectus;

(*c*) sale of shares held by promoters through the secondary market; or

(*d*) any other method which does not adversely affect the interest of minority shareholders.

However, before raising such shareholding, the company is required to take prior approval of the SSE which may impose such conditions as it deems fit.

41.9 Failure to comply with Clause 40A

If a company fails to comply with Clause 40A, its shares shall be liable to be delisted in terms of the Delisting Guidelines/Regulations, prescribed by SEBI and the company shall be liable for penal actions under the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992.

42. Take over offer [Clause 40B]

Whenever a take-over offer is made or there is any change in the control of the management of the company, the person who secures the control of the management of the company and the company whose shares have been acquired shall comply with the relevant provisions of the SEBI (Substantial Acquisition of Shares and Take-over) Regulations, 1997.

43. Submission of un-audited quarterly results [Clause 41]

Clause 41 of the listing agreement relates to publication of the un-audited financial results on a quarterly basis within one month from the end of the quarter. The company is required to comply with the following requirements:—

(1) Inform the Stock Exchange where its securities are listed about the date of the Board meeting at least 7 days in advance and shall also issue immediately a press release in at least one national newspaper and one regional language newspaper about the date of the aforesaid Board or its sub-committee meeting. (Appendix 4)

(2) Communicate the financial results to the Stock Exchanges, immediately within 15 minutes of the closure of the Board meeting or meeting of a sub-committee of Board of directors in which the un-audited financial results are placed.

(3) Take on record the un-audited quarterly results.

(4) Publish the said financial results within 48 hours of the conclusion of the Board or its sub-committee meeting in at least one English daily newspaper circulating in the whole or substantially the whole of India and in one newspaper published in the language of the region, where the registered office of the company is situated.

(5) In respect of results for the last quarter of the financial year, if the company intimates in advance to the Stock Exchange/s that it will publish audited results within a period of 3 months from the end of the last quarter of the financial year, in such a case un-audited results for the last quarter need not be published/given to the Stock Exchange/s.

43.1 Segment-wise disclosure of financial results

The company shall be required to furnish segment-wise revenue, results and capital employed alongwith the quarterly un-audited financial results as per the format given in Appendix 5.

43.2 Requirement to comply with the Accounting Standards

The company shall comply with the Accounting Standard on "Accounting for taxes on income" in respect of quarterly un-audited financial results with effect from the quarters ending on or after September 30, 2001.

43.3 Consolidated financial results

The company has the option to publish consolidated quarterly/half yearly financial results in addition to the un-audited quarterly/half yearly financial results of the parent company. However, the publication of consolidated annual financial results alongwith stand-alone financial results shall be mandatory.

43.4 Change of name

In case the company has changed its name suggesting any new line of business (including software business), after 1st January, 1998 or it changes the name hereafter, then the company shall disclose the turnover and income, etc., from such new activities separately in the quarterly/annual results which are submitted/published for a period of 3 years from the date of change in the name of the company.

43.5 Reason for variation

The un-audited results should not substantially differ from the audited results of the company. If the sum total of the First, Second, Third and Fourth quarterly unaudited results in respect of any item given in the same proforma varies by 20 percent when compared with the audited results for the full year the company shall explain the reasons to the Stock Exchanges.

43.6 Limited Review

The company shall publish its Annual Results in the same format as prescribed for quarterly results in this clause.

In addition, with effect from quarter ending on or after June 30, 2003, where the Companies prepare the un-audited quarterly results the same shall be approved by the Board of directors and subjected to a "Limited Review" by the Auditors of the company (or by any Chartered Accountant in case of Public Sector Undertakings) and a copy of the Review Report shall be submitted to the Stock Exchange within 2 months after the close of the quarter.

If in respect of any item given in the same proforma format varies by 20% or more from the respective un-audited quarterly results as determined after the "Limited Review" by the Auditors, the company shall send a statement (approved by the Board of directors) explaining the reasons to the Stock Exchanges alongwith Review Report.

The Review Report of the Company except Bank shall be in the format given in Appendix 6.

The Review Report of the Bank shall be in the format given in Appendix 7.

43.7 Option to the publication of un-audited results

In respect of the half yearly results, if the company intimates in advance to the Stock Exchange/s that it will publish audited half yearly financial results within two months of the close of the half-year, then in such a case un-audited quarterly results and Limited Review need not be published/given to the Stock Exchange/s.

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In respect of results for the last quarter of the financial year, if the company intimates in advance to the Stock Exchange/s that it will publish audited results within a period of 3 months from the end of the last quarter of the financial year, in such a case un-audited results for the last quarter need not be published/given to the Stock Exchange/s.

43.8 Publication of annual audited results

The companies which opt to publish audited results for the entire year within 3 months instead of publishing un-audited results for the last quarter within 30 days shall be required to publish annual audited results in the format specified in Appendix 8.

43.9 Disclosure of auditor's qualifications in the financial results

The company shall disclose the auditor's qualifications alongwith the audited financial results published under this clause in addition to the explanatory statement as to how audit qualification in respect of audited accounts of the previous accounting year have been addressed in the financial results. The quarterly results shall be prepared on the basis of accrual accounting policy and in accordance with uniform accounting practices adopted for all the periods on quarterly basis.

The format for declaration of Unaudited Quarterly Results for company (except bank) is given in Appendix 9.

43.10 Alternate format for unaudited financial results

The manufacturing and trading/services companies which have followed functional (secondary) classification of expenditure in the Annual Profit & Loss Account in their most recent Annual Report may furnish results on a quarterly basis in the alternative format given in Appendix 10.

43.11 Quarterly financial result statement for banking companies

Like the non banking companies, the banking companies are also required to submit their unaudited quarterly, half-yearly financial results with the stock exchanges. Information about the total income, income from various investments, interest income and other income earned by the banking company total expenditure, operating and net profit figures are available in Format given in Appendix 11. Besides various analytical ratios relevant to banking sector, like capital adequacy ratio, price earning multiple etc., for the present quarter, the corresponding quarter of the previous year, the year-to-date figures for the current period, year to date figures for the previous year and for the previous accounting year are also available.

43.12 Status of investors' complaints

Companies shall be required to publish alongwith quarterly un-audited/audited financial results, the number of investor complaints pending at the beginning of the quarter, received and disposed off during the quarter and lying unresolved at the end of the quarter.

43.13 Powers of the SEBI under section 15C of the SEBI Act to impose penalty

Section 15C of SEBI Act, 1992 provides that *"If any listing company or any person who is registered as an intermediary, after having been called by the Board in writing, to redress the grievances of investors, fails to redress such grievances within the time specified by the Board, such company or intermediary shall be liable to a penalty of One Lakh Rupees for each day during which such failure continues or One Crore Rupees, whichever is less."*

The Hon'ble SAT in *Alkan Projects Pvt Ltd* v *SEBI* (Appeal No. 88/04) dated 09.08.2004 had observed that impecuniosities also needs to be taken into account while imposing penalty besides other factors stated in section 15J of the Act. Although it was stated that there were liquidity mis-match problems and general run by depositors on NBFCs including the company, no financial statements were filed to assess the financial strength of the company or its ability to pay the penalty. The Hon'ble SAT in the orders referred above had also observed that while imposing penalty the provisions regarding court fees as per rule 9 of the SAT (Procedure) Rules, 2000 also needs to be taken into account since there is statutory right of appeal.

In case of *Lloyds Finance Limited* it was observed by the SEBI that although the company had resolved 228 out of 265 complaints, nevertheless, there are still 37 complaints pending for redressal. This undue delay of nearly 15 months is not justified considering that there is no bar to repay the secured creditors from August 2003 onwards and having regard to the gravity of charges established, the factors contained under section 15J of SEBI Act, 1992, that there are still 37 complaints from the investors remained unresolved for nearly 15 months despite the fact that there is no bar on the company in making payments to the secured creditors since 31.7.2003, a penalty of Rs. 3,00,000 (Rupees Three Lakhs Only) is imposed in terms of section 15C of SEBI Act, 1992. (SEBI Order dated 8th Nov., 2004)

In case of *Vikas WSP Ltd*. The SEBI said that considering that the company has resolved all the pending grievances of the investors (except 4 complaints) although belatedly and the mitigating factors that caused the delay in resolving the grievances and the factors contained under section 15J of SEBI Act, 1992, a penalty of Rs. 1,00,000 (Rupees one lakh only) in terms of section 15C of SEBI Act, 1992, is (SEBI Order 1st Nov., 2004).

44. Deposit of 1% security with Exchange [Clause 42]

The company shall as one of the condition precedent for issuance of new securities, deposit before the opening of subscription list and keep deposited with the Exchange (in cases where the securities are offered for subscription whether through a prospectus, letter of offer or otherwise) an amount calculated at the rate of 1% (one per cent) of the amount of securities offered for subscription to the public and/or to the holders of existing securities of the company, as the case may be, for ensuring compliance by the company, within the prescribed or stipulated period, of all prevailing requirements of law and all prevailing listing requirements and conditions as mentioned in, and refundable or forfeitable in the manner stated in the Rules, Bye-laws and Regulations of the Exchanges for the time being in force. (Appendix 12).

The security deposit is to be paid in cash only. The amount to be paid in cash according to BSE/NSE Listing agreement is limited to Rs. 3 crores only.

45. Quarterly statement on variation between projected and actual profitability [Clause 43]

The company shall furnish on a quarterly basis a statement to the exchange indicating the variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilisation of funds and/or actual profitability.

The statement shall be given for each of the years for which projections are provided in the prospectus/letter of offer/object/s stated in the explanatory statement to the notice for considering preferential issue of securities and shall be published in newspapers simultaneously with the unaudited/audited financial results as required under clause 41.

If there are material variations between the projections and the actual utilisation/profitability, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report.

46. Compliance of Rules and Regulations [Clause 44]

The company shall comply with the provisions of the relevant Acts including the Securities Contract Regulations Act, 1956, Securities Contract Regulation Rules, 1957, guidelines issued from time to time by the Government and/or the Securities Exchange Board of India including the guidelines on Disclosure and Investor Protection.

47. Allotment of securities [Clause 45]

The company shall as far as possible allot securities offered to the public within 30 days of the closure of the public issue and it shall pay interest @ 15% per annum if the allotment has not been made and/or the refund orders have not been despatched to the investors within 30 days from the date of the closure of the issue.

48. Appointment of compliance officer, etc. [Clause 47]

Clause 47 provides that the company is under an obligation—

(*a*) to appoint the Company Secretary to act as Compliance Officer who will be responsible for monitoring the share transfer process and report to the company's Board in each meeting. (*See* Appendix 13) The compliance officer will directly liaise with the authorities such as SEBI, Stock Exchanges, Registrar of Companies, etc., and investors with respect to implementation of various clauses, rules, regulations and other directives of such authorities and investor service and complaints of related matter (Appendix 14);

(*b*) to undertake a due diligence survey to ascertain whether the Registrars and Share Transfer Agent/s (RTA) and/or In-house Share Transfer facility, as the case may be, are sufficiently equipped with infrastructure facilities such as adequate manpower, computer hardware and software, office space, documents handling facility, etc., to serve the shareholders.

(*c*) to ensure that the RTA and/or the In-house Share Transfer facility, as the case may be, produces a certificate from a practicing Company Secretary within one month of the end of each half of the financial year, certifying that all certificates have been issued within one month of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies and a copy of the same shall be made available to the Exchange within 24 hours of the receipt of the certificate by the company (*See* Appendix 15);

(*d*) to furnish to the Exchange both by way of floppy disks and printed details, within 48 hours of its getting information regarding loss of share certificates and issue of the duplicate certificates;

(*e*) to maintain copies of Memorandum of Understanding entered into with the RTA setting out their mutual responsibilities, at the Registered Office of the company for Public inspection and the company further agrees to submit within 48 hours a copy of the same to the Exchange for its records.

49. Appointment of common Agency for share registry work

SEBI Circular No.D&CC/FITTC/CIR-15/2002 dated 27th Dec., 2002 as well as regulation 53A of the SEBI (Depositories and Participants) Regulations, 1996, states that all matters relating to the transfer of securities, maintenance of records of holders of securities, handling of physical securities and establishing connectivity with the depositories shall be handled and maintained at a single point i.e. either in-house by the issuer or by a Share Transfer Agent registered with the Board. Section 15HB of the SEBI Act, 1992 provides that whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board there under for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

However, while adjudging the quantum of penalty, the adjudicating officer is required to have due regard to the factors laid down in section 15 J of the Act which are as under:-

(*a*) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(*b*) the amount of loss caused to an investor or group of investors as a result of the default;

(*c*) the repetitive nature of the default.

These provisions also find mention in Rule 5(2) of the SEBI (Procedure for holding enquiry and imposing penalty by the Adjudicating Officer) Rules, 1995.

50. Credit Rating Agency [Clause 48]

The company should co-operate with the Credit Rating Agencies in giving correct and adequate information for periodical review of the securities during lifetime of rated securities.

51. Corporate Governance [Clause 49]

Refer Part XXXVII on Corporate Governance for complete provisions of Clause 49 with necessary specimens.

52. Compliance of the Accounting Standards [Clause 50]

The company shall mandatorily comply with all the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) from time to time.

53. Violation of Listing Agreement

For violation of the listing agreement, section 23E of Securities Contract Regulation Act, 1956 provides for a pecuniary penalty of upto Rs.25 crores on the company.

54. EDIFAR [Clause 51]

Refer Chapter 2 for details.

Deleted: Chap. 1 • Appx. 1 *Compliances of Listing Agreement* 1657

55. Secretarial Audit Report

In order to ensure that the paid-up share capital of a listed company is always equal to the shares issued to the Depositories *i.e.* National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for the time being, the SEBI had *vide* Circular No. D&CC/FITTC/CIR-16/2002 dated 31-12-2002 directed the listed companies to furnish, on a quarterly basis within 30 days of end of each quarter, a certificate from a practising Company Secretary after due verification and after a secretarial audit that the aggregate number of equity shares of the company held in NSDL and CDSL and in the physical mode tally with the total number of shares, issued and paid-up, listed and admitted. The company is required to place this certificate at the next meeting of the Board of directors of the company. The certificate shall be sent to the Depositories and Stock Exchanges within one month of end of each quarter. (*See* Appendix 15 for the format of the Secretarial Audit Report)

Appendix 1

Checklist for timely compliance of Listing Agreement with the Bombay Stock Exchange Ltd.

Sr. No.	*Particulars*	*Clauses*	*Last date for Compliance*	*Remarks*
1	Notice of Book Closure/Record Date	15/16		Atleast 21 days prior notice in case of Physical Shares & 15 days in case of scrip under Compulsory Demat. Also Refer Note 1.
2	Notice of Board Meeting	19(*a*), 19(*b*) & 41		Atleast 7 Days prior to each meeting. Outcome to be informed within 15 minutes of closure of the Board meeting. Recommend or declared dividend and/or cash bonus atleast 5 days before commencement of BC/RD.
3	Annual Report	31		As soon as it is issued.
4	Shareholding Pattern	35	21/07, 21/10, 21/01, 21/04	Within 21 days from end of each quarter as per the format specified in Clause 35 along with the Note 1 & Note 2.
5	Listing Fees	38	30/04	Fees as specified in Schedule 11 of Listing Agreement.
6	Unaudited Quarterly Results for companies adopting financial year April-March	41		It should be sent within 15 minutes from the closure of the meeting in the format specified in Clause 41.
A	1st Quarter		31/07	
B	2nd Quarter		31/10	
C	3rd Quarter		31/01	
D	4th Quarter		30/04	
7	Intimation that it will publish Audited Half Yearly Results within 2 months from the close of the Half Year (Adopting financial year April - March)	41	31/10	

Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Sr. No.	*Particulars*	*Clauses*	*Last date for Compliance*	*Remarks*
8	Intimation that it will publish Audited Yearly Results within 3 months from the end of the last quarter of the F.Y. (Adopting financial year April – March)	41	30/04	
9	Audited Half Yearly Results for companies adopting financial year April-March		30/11	Not required if the company submits unaudited 2nd quarter results (Refer 4B).
10	Audited Yearly Results for companies adopting financial year April-March		30/06	This has to be submitted as per format in Clause 41 for publication of Annual Audited Results. Not required if the company submits unaudited 4th quarter results (Refer 4D).
11	Limited Review			
A	1st Quarter		31/08	Not required if audited quarterly results are submitted within 1 month from the end of the quarter.
B	2nd Quarter		30/11	Not required if audited half yearly results are submitted within 2 month from the end of the second quarter.
C	3rd Quarter		29/02	Not required if audited quarterly results are submitted within 1 month from the end of the third quarter.
D	4th Quarter		31/05	Not required if audited accounts are submitted within 3 month from the end of the last quarter.
12	Compliance Officer	47{*a*)		Inform as and when there is any change.
13	Compliance Certificate	47(*c*)	31/10, 30/04	Within 1 month from end of the half year 30/09 & 31/03.
14	Appointment of RTA	47(*e*)		Inform if their is any change along with the MOU signed with RTA.
15	Corporate Governance - Quarterly	49	15/07, 15/10, 15/01, 15/04	Within 15 days from end of each quarter.
16	Corporate Governance - Annual	49		Included in companies Annual Report.
17	Secretarial Audit Report		31/07, 31/10, 31/01, 30/04	Within 1 month from end of each quarter.

Deleted: Chap. 1 • Appx. 2 *Compliances of Listing Agreement* 1659

Note 1.—

- $ The Company should fix Book Closure atleast once in a year.
- $ There should be a gap of atleast 30 days between 2 BC/RD dates.
- $ In the case of BC/RD for amalgamation/merger/scheme of arrangement:—
  - — The transferee/transferor company fixes the record date for the merger of transferor company with the transferee company.
  - — A certified copy of the High Court order alongwith with a copy of Form No 21 or the Order of the Appellate Tribunal (in case of sick companies) is submitted alongwith the BC/RD intimation.
- $ In the case of BC/RD for reduction of capital:
  - — A certified copy of the High Court order alongwith Form 21 or the Order of the Appellate Tribunal (in case of sick companies) is submitted alongwith the BC/RD intimation.
- $ In the case of BC/RD for Rights Issue:
  - — The intimation is submitted (only for rights issue greater than 50 lakhs) alongwith the Letter of Observation from SEBI. Where the company has not received the Letter of Observation from SEBI, then atleast 21 days should have elapsed since the filing of the Letter of Offer with SEBI.
  - — Undertaking from the Company as well as the Lead Manager in the specified format, in the case of BC/RD for Consolidation/Split of shares, Bonus Issue.
  - — The intimation is submitted alongwith the Board resolution and the shareholders approval for the same.
  - — In case of Bonus issue the shareholders approval is waived if the Articles of Association empowers the Board to declare capitalisation of reserves.
  - — Stock split is not allowed unless the scrip is in Demat segment.

The companies are requested to send all this compliance to the concerned person with different covering letters.

Appendix 2

Specimen of notice of Book Closure to be given to stock exchange(s)

FL/SE/DKJ/06 FAX/REGD.A.D 3rd July, 2006

To,

1. Shri Bhushan Mokashi
   Mumbai Stock Exchange
2. The Secretary
   M.P. Stock Exchange
3. The Secretary
   The Delhi Stock Exchange Association Ltd.

Sub: Information regarding Annual Book — Closure

Dear Sir,

We are pleased to inform that the Register of members and Share Transfer Books of the Company shall remained closed from 25-8-2006 to 30-8-2006 (both days inclusive) for the purpose of the 27th Annual General Meeting of the Company.

We provide the following information as per the terms of the Listing Agreement.

Name of the Security	Date of Book Closure	Purpose
Equity Shares	25-8-2006 to 30-8-2006 (Both Days Inclusive)	Annual Book Closure

Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

You are requested to kindly take the same on record for your further needful.
Thanking You,
Yours Faithfully,
For, FL LTD

ABC
COMPANY SECRETARY

Appendix 3

New Format of Shareholding pattern under Clause 35

(1)(*a*) Statement showing shareholding pattern

Name of the Company:						
Scrip Code:				Quarter ended:		
Category Code	Category of shareholder	No. of share holders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a % of total no. of shares	
					As a % of (A+B)[1]	As a % of (A+B+C)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(A)	**Shareholding of promoter and promoter group**[2]					
(1)	**Indian**					
(*a*)	Individuals/Hindu Undivided Family					
(*b*)	Central Government/State Government					
(*c*)	Bodies Corporate					
(*d*)	Financial Institutions/banks					
(*e*)	Any other (specify)					
	Sub-total (A)(1)					
(2)	**Foreign**					
(*a*)	Individuals (non-resident Individuals/foreign individuals)					
(*b*)	Bodies Corporate					
(*c*)	Institutions					
(*d*)	Any other (specify)					
	Sub – Total (A)(2)					
	Total shareholding of promoter and promoter group (A) = (A)(1) + (A)(2)					
(B)	**Public shaeholding**[3]					
(1)	**Institutions**					
(*a*)	Mutual Funds/UTI					

(1)	(2)	(3)	(4)	(5)	(6)	(7)
(*b*)	Financial Institutions/Banks					
(*c*)	Central Government/State Government(s)					
(*d*)	Venture Capital funds					
(*e*)	Insurance Companies					
(*f*)	Foreign Institutional Investors					
(*g*)	Foreign Venture capital investors					
(*h*)	Any other (specify)					
	Sub – Total (B)(1)					
(2)	**Non - Institutions**					
(*a*)	Bodies Corporate					
(*b*)	Individuals					
	(i) Individual shareholders holding nominal share capital upto Rs.1 Lakh. (ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh					
(*c*)	Any other (specify)					
	Sub – Total (B)(2)					
	Total public shareholding					
	(B) = (B)(1) + (B)(2) Total (A)+(B)					
(C)	Shares held by custodians and against which depository receipts have been issued GRAND TOTAL (A)+(B)+(C)					

1. For determining public shareholding for the purpose of clause 40A.
2. For definitions of "promoter" and "promoter group", refer to clause 40A.
3. For definitions of "public shareholding", refer to clause 40A.

(1)(*b*) Statement showing shareholding of persons belonging to the category "promoter and promoter group"

Sr. No.	Name of the shareholder	No. of shares	Shares as a % of total number of shares (*i.e.* Grand Total (A)+(B)+(C) indicated in Statement at para (1)(*a*) above)
1.			
2.			
	Total		

(1)(*c*) Statement showing shareholding of persons belonging to the category "public" and holding more than 1% of the total no. of shares

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Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Sr. No.	Name of the shareholder	No. of shares	Shares as a % of total number of shares (*i.e.* Grand Total (A)+(B)+(C) indicated in Statement at para (1)(*a*) above)
1.			
2.			
	Total		

(1)(*d*) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder	No. of locked in shares	Locked-in Shares as a % of total number of shares (*i.e.* Grand Total (A)+(B)+(C) indicated in Statement at para (1)(*a*) above)
1.			
2.			
	Total		

(1)(*e*) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of outstanding DR (ADRs), GDRs, SDRs etc.)	No. of outstanding DRs	No. of shares underlying outstanding DRs	Shares underlying outstanding DRs as a % of total number of shares (*i.e.* Grand Total (A)+(B)+(C) indicated in Statement at para (1)(*a*) above)
1.				
2.				
	Total			

(II)(*b*) Statement showing holding of Depository Receipts (DRs) where underlying shares are in ecess of 1% of the total number of shares

Sr. No.	Name of DR holder	Type of outstanding DR (ADRs. GDRs, SDRs etc.)	No. of shares underlying outstanding DRs	Shares underlying outstanding DRs as a % of total number of shares (*i.e.* Grand Total (A)+(B)+(C) indicated in Statement at para (1)(a) above)
1.				
2.				
	Total			

Appendix 4

Specimen of notice to be published in newspaper under Clause 41

NOTICE FOR BOARD MEETING

NOTICE pursuant to clause 41 of listing agreement is hereby given that a meeting of the Board of directors of the Company will be held at Registered Office of the Company on Saturday, the 29th day of July, 2006 at 10.00 A.M. to consider and approve the unaudited Financial Results for the Quarter ended 30th June, 2006 alongwith other routine business.

Place: Indore AJ

Date: 21st July,2006 CHAIRMAN & MANAGING DIRECTOR

Appendix 5

Format for Quarterly Reporting of Segment wise Revenue, Results and Capital Employed, under Clause 41 of the Listing Agreement

	3 months ended Previous Year	Corres-ponding 3 months in the Previous Year	Year to date Figures for Current Year	Year to date Figures for Current Year	Previous Accounting Year
1. Segment Revenue (net sale/income from each segment should be disclosed under this head). (*a*) Segment — A (*b*) Segment — B (*c*) Segment — C (*d*) Others Total *Less*: Inter-segment revenue Net sales/income from operations					
2. Segment Results (Profit/Loss before tax & interest from each segment)* (*a*) Segment — A (*b*) Segment — B (*c*) Segment — C (*d*) Others Total *Less*: (*i*) Interest** (*ii*) Other unallowable expenditure net off un-allocable income. Total Profit before tax					

* Profit/Loss before tax and after interest in case of segments having operations which are primarily of financial nature.

** Other than the interest pertaining to the segments having operations which are primarily of financial nature.

3. Capital Employed (Segment Assets — Segment Liabilities). (*a*) Segment — A (*b*) Segment — B (*c*) Segment — C (*d*) Others Total					

Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Notes.—

1. Segment Revenue, Segment Results, Segment assets and Segment liabilities shall have the same meaning as defined in the Accounting Standards on Segment Reporting (AS-17) issued by ICAI.
2. The above information shall be furnished for each of the reportable primary segments as identified in accordance with AS-17, issued by ICAI.
3. For the quarters ending upto September 30, 2002, reporting of figures for the previous year under columns 2, 4 and 5 is not mandatory.

Appendix 6

Format of Limited Review Report of Companies

We have reviewed the accompanying statement of unaudited financial results of …. (Name of the company) for the period ended ……. This statement is the responsibility of the Company's management and has been approved by the Board of directors.

A review of interim financial information consists principally of applying analytical procedures for financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with Accounting Standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

Appendix 7

Format of Limited Review Report of Banks

We have reviewed the accompanying statement of unaudited financial results of …. (Name of the company) for the period ended ……. This statement is the responsibility of the Company's management.

A review of interim financial information consists principally of applying analytical procedures for financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

In the conduct of our Review we have relied on the review reports in respect of non-performing assets received from concurrent auditors of …….. branches, inspection teams of the bank of …… branches and other firms of auditors of ……. branches specifically appointed for this purpose. These review reports cover ……. percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank. Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Deleted: Chap. 1 • Appx. 8 *Compliances of Listing Agreement* 1665

Appendix 8

Format for publication of Annual Audited Results

(Rs. in lakhs)

		Figures for the 9 months	Figures for the last quarter	Figures for the corres-ponding quarter of the previous year	Audited figures for the current year	Audited figures for the previous year
1.	Net Sales/Income from operations					
2.	Other Income					
3.	Total Expenditure: (*a*) Increase/decrease in stock in trade (*b*) Consumption of raw materials (*c*) Staff Cost (*d*) Other expenditure (Any item exceeding 10% of the total expenditure to be shown separately)					
4.	Interest					
5.	Depreciation					
6.	Profit (+)/Loss (-) before tax (1 + 2 - 3 - 4 - 5)					
7.	Provision for taxation					
8.	Net Profit (+)/Loss (-) (6 - 7)					
9.	Paid-up Equity Share Capital (Face Value of the share shall be indicated)					
10,	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5)					
11.	Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualised)					
12.	Aggregate of Non-Promoter Shareholding: — Number of Shares — % of Shareholding					

* Non-promoters shareholding — as classified under category B in the shareholding pattern in Clause 35 of Listing Agreement.

Notes.—All the notes applicable to the format of un-audited quarterly financial results specified for banks, companies other than banks and manufacturing & trading/service companies elsewhere in this clause shall also be applicable to this format.

Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Appendix 9

Format for declaration of Unaudited Quarterly Results for Company (except bank)

Quarterly financial results for the quarter period …….

		3 months ended Previous Year	Corres-ponding 3 months in the Previous Year	Year to date Figures for Current Year	Year to date Figures for Current Year	Previous Accoun-ting Year
1.	Net Sales/Income from operations					
2.	Other Income					
3.	Total Expenditure: (*a*) Increase/decrease in stock in trade (*b*) Consumption of raw materials (*c*) Staff Cost (*d*) Other expenditure (Any item exceeding 10% of the total expenditure to be shown separately)					
4.	Interest					
5.	Depreciation					
6.	Profit (+)/Loss (-) before tax (1 + 2 - 3 - 4 - 5)					
7.	Provision for taxation					
8.	Net Profit (+)/Loss (-) (6 - 7)					
9.	Paid-up Equity Share Capital (Face Value of the share shall be indicated)					
10.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5)					
11.	Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualised)					
12.	Aggregate of Non-Promoter Shareholding: — Number of Shares — % of Shareholding					

* The disclosure is applicable only for half yearly financial results ending on or after March 31, 2001. From the half-year ending on or after March 31, 2002, the companies shall also be required to disclose the non-promoter shareholding at the end of the corresponding half-year in the previous year and at the end of the previous accounting year.

** Non-Promoter Shareholding - as classified under category B in the Shareholding pattern in Clause 35 of the Listing Agreement.

Notes.—

(*a*) Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programs, strike, lock-outs, change in management, change in capital structure, etc, shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.

(*b*) All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.

(*c*) In case of companies whose revenues are subject to material seasonal variations, they shall disclose the seasonal nature of their activities and may also supplement their unaudited financial results with information for 12 month periods ended at the interim date (last day of the quarter) for the current and preceding years on a rolling basis.

(*d*) Company shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared:—

(*i*) Amount of Dividend distributed or proposed distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.

(*ii*) Where Dividend is paid or proposed *pro-rata* for shares allotted during the year, the date of allotment, number of shares allotted *pro-rata* amount of dividend per share and the aggregate amount of dividend paid or proposed on *pro-rata* basis.

(*e*) The effect of changes in composition of the company during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.

(*f*) (*i*) If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the company shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.

(*ii*) While publishing unaudited quarterly results, the company shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.

(*iii*) The company, while furnishing the audited or unaudited financial results to the Exchange, shall also explain in the published audited/unaudited financial results about the reasons for the qualification(s) referred under (*i*) and (*ii*) above, why the company had failed to publish accounts without such audit qualification(s) and when the company will remove the qualification(s) and publish accounts without such qualification(s).

(*g*) If the company is yet to commence commercial production, then instead of the quarterly results, the company should give particulars of the status of the project, its implementation and the expected date of commissioning of the project. The companies shall further disclose the balance of unutilised monies raised by the issue and the form in which such unutilised funds have been invested.

(*h*) The unaudited results sent to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.

Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Appendix 10

Format of un-audited financial results for manufacturing and trading/service companies

Quarterly financial results for the quarter ended…….

(Rs. In Lakhs)

		3 months ended Previous Year	Corres-ponding 3 months in the Previous Year	Year to date Figures for Current Year	Year to date Figures for Current Year	Previous Accoun-ting Year
1.	Net Sales/Income from operations					
2.	Cost of Sales/Services					
	(*a*) Increase/decrease in stock in trade (*b*) Consumption of raw materials (*c*) Other expenditure					
3.	Gross Profit					
4.	General Administration Expenses					
5.	Selling and Distribution expenses					
6.	Operating Profit before interest and depreciation					
7.	Interest					
8.	Depreciation					
9.	Operating Profit after interest and depreciation					
10.	Other Income					
11.	Profit (+)/Loss (-) before tax					
12.	Provision for taxation					
13.	Net Profit (+)/Loss (-)					
14.	Paid-up Equity Share Capital					
15.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5)					
16.	Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualised)					
17.	Aggregate of Non-Promoter Shareholding* (applicable for half yearly results) — **Number of Shares — ** Percentage of Shareholding					

* **N**on promoter shareholding as classified under category B in the shareholding pattern in clause 35 of the listing agreement.

Notes.—

(*a*) Indicate by way of note total expenditure incurred on—

(*i*) Staff Cost

(*ii*) Any item of expenditure, which exceeds 10% of the total expenditure. This information shall be given in respect of all the periods included at the above statement.

(*b*) Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programes, strikes, lock-outs, change in management, change in capital structure, etc, shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.

(*c*) All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.

(*d*) In case of companies whose revenues are subject to material seasonal variations, they shall disclose the seasonal nature of their activities and may also supplement their unaudited financial results with information for 12 month periods ended at the interim date (last day of the quarter) for the current and preceding years on a rolling basis.

(*e*) Company shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared:—

(*i*) Amount of Dividend distributed or proposed distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.

(*ii*) Where Dividend is paid or proposed *pro-rata* for shares allotted during the year, the date of allotment, number of shares allotted *pro-rata* amount of dividend per share and the aggregate amount of dividend paid or proposed on *pro-rata* basis.

(*f*) The effect of changes in composition of the company during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.

(*g*) (*i*) If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the company shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.

(*ii*) While publishing unaudited quarterly results, the company shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.

(*iii*) The company, while furnishing the audited or unaudited financial results to the Exchange, shall also explain in the published audited/unaudited financial results about the reasons for the qualification(s) referred under (*i*) and (*ii*) above, why the company had failed to publish accounts without such audit qualification(s) and when the company will remove the qualification(s) and publish accounts without such qualification(s).

(*h*) If the company is yet to commence commercial production, then instead of the quarterly results, the company should give particulars of the status of the project, its implementation and the expected date of commissioning of the project.

(*i*) The un-audited results sent to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.

(*j*) If the period of the Financial Year is more than 12 months and not exceeding 15 months there will be 5 Quarters and is more than 15 months but not exceeding 18 months there will be 6 Quarters and the financial results will be intimated to the Exchange and published in the Newspapers accordingly.

Deleted: 1654 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Appendix 11

Format for declaration of Unaudited Quarterly Results for Banks

Unaudited financial results for the three months ended………

(Rs. in Lakhs)

		3 months ended in the current Year	Corres-ponding 3 months in the Previous Year	Year to date Figures for Current Year	Year to date Figures for Current Year	Previous Accoun-ting Year
1.	Interest earned— (*a*)+(*b*)+(*c*)+(*d*) (*a*) Interest/discount on advances/bills (*b*) Income on Investments (*c*) Interest on balances With Reserve Bank of India and other inter bank funds (*d*) Others					
2.	Other Income					
A.	Total Income (1+2)					
3.	Interest expended					
4.	Operating Expenses (*e*) + (*f*)					
	(*a*) Payments to and provi-sions for employees (*b*) Other operating expenses					
B.	Total Ependiture					
	(3) + (4) (excluding Provisions and Contingencies)					
C.	Operating Profit					
	(A-B) (Profit before Provisions and Contingencies)					
D.	Other Provisions and Contingencies					
E.	Provisions for Taxes					
F.	Net Profit (C-D-E)					
5.	Paid-up Equity Share Capital					
6.	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)					
7.	Analytical Ratios:					
	(*i*) Percentage of shares held by Government of India (*ii*) Capital Adequacy Ratio (*iii*) Earning per Shares					

		3 months ended in the current Year	Corres-ponding 3 months in the Previous Year	Year to date Figures for Current Year	Year to date Figures for Current Year	Previous Accoun-ting Year
8.	*(Applicable for half-yearly financial results) Aggregate of Non-Promoter Shareholding** — Number of Shares — % of Shareholding					

* The disclosure is applicable only for half yearly financial results ending on or after March 31, 2001. From the half-year ending on or after March 31, 2002, the companies shall also be required to disclose the non-promoter shareholding at the end of the corresponding half-year in the previous year and at the end of the previous accounting year.

** Non-Promoter Shareholding — as classified under category B in the Shareholding pattern in Clause 35 of the Listing Agreement.

Notes.—

(*a*) Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programs, strike, lock-outs, change in management, change in capital structure, etc, shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.

(*b*) All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.

(*c*) Company shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared:

(*i*) Amount of Dividend distributed or proposed distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.

(*ii*) Where Dividend is paid or proposed *pro-rata* for shares allotted during the year, the date of allotment, number of shares allotted *pro-rata* amount of dividend per share and the aggregate amount of dividend paid or proposed on *pro-rata* basis.

(*d*) The effect of changes in composition of the company during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations shall be disclosed.

(*e*) (*i*) If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the company shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.

(*ii*) While publishing unaudited quarterly results, the company shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.

(*iii*) The company, while furnishing the audited or unaudited financial results to the Exchange, shall also explain in the published audited/unaudited financial results about the reasons for the qualification(s) referred under (*i*) and (*ii*) above, why the company had failed to publish accounts without such audit qualification(s) and when the company will remove the qualification(s) and publish accounts without such qualification(s).

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(*f*) The unaudited results sent to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.

(*g*) Half yearly results which are required to be subjected to the "Limited Review" by the auditors shall be prepared for the first two quarters. If the period of the Financial Year is more than 12 months and not exceeding 15 months there will be 5 Quarters and is more than 15 months but not exceeding 18 months there will be 6 quarters and the financial results will be intimated to the Exchange and published in the News Papers accordingly.

Appendix 12

Issue of NOC by SEBI with respect to release of 1% deposit placed by the issuer companies with Regional Stock Exchange

SEBI has a Circular No. 1 (1995-96), dated 23-11-1995 which states that:—

The 1 per cent of issue amount placed by the issuer companies with the Regional Stock Exchange can be released by the concerned stock exchange only after obtaining an NOC from SEBI.

An application for NOC is to be submitted by issuer company to SEBI in the format enclosed as per Annexure 1. The eligibility criteria for consideration of the application are:—

1. Completion of four months from the date of obtaining the listing permission from the concerned regional stock exchange.
2. Satisfactory redressal of all complaints received at SEBI against the company.

Responses against complaint forwarded by SEBI to the concerned companies should be submitted to SEBI as per Annexure 2 for updation of records.

In cases where issues (*i.e.*, public/rights/offer of sale or any other) fail and the investors' moneys are fully refunded, an NOC from SEBI is not required and the concerned regional Stock Exchange can refund the 1 per cent security deposit after duly verifying that the refund orders have actual been dispatched.

Annexure 1

Securities and Exchange Board of India requirement for issue of NOC for release of 1 per cent placed with the Regional Stock Exchange

(To be submitted to SEBI on Company's letterhead]

1. Issue details indicate in:

(*a*) Name of the company.

(*b*) Details of Registrars.

(*c*) Nature and size.

(*d*) Date of closure.

(*e*) Number of application received and amount subscribed.

(*f*) Number of times the issue was subscribed.

(*g*) First and last date of dispatch of original refund orders/cancelled stockinvests.

(*h*) First and last date of despatch of allotment letters/certificates (including NRI certificates) (enclose RBI approval letter). If approval is not received date of filing the documents with RBI along with a copy of letter forwarded to RBI.

(*i*) Mode of despatch of refund orders/allotment letters/certificates.

(*j*) Total amount transferred to the refund account and balance outstanding as of latest date. (Enclose bank certificate).

(*k*) Whether underwriting/brokerage commission as well as Registrar's fees have been duly paid? If not, please mention reason thereof.

(*l*) Name of the regional stock exchange and the amount deposited as 1 per cent deposit.

2. Performance in redressal of investor complaints:

(*a*) Status of investor complaints as on a recent date against the company in the following:—

Sl. No.	Source	No. of Complaints received
(*i*)	Directly	
(*ii*)	SEBI	
(*iii*)	Stock Exchange	
(*iv*)	Investor	
(*v*)	Associations	

(*b*) State briefly the nature of complaints indicating the approximate percentage break-up of various types.

(*c*) Give reasons for pendency of complaints.

3. A note on the existing complaint redressal system followed by the company/Registrar to the issue highlighting:—

(*a*) infrastructure;

(*b*) manpower;

(*c*) computer back-up;

(*d*) level of attention; and

(*e*) average time taken in solving the complaints.

4. A copy of letter from the concerned stock exchange directing the company to obtain NOC from SEBI.

5. A copy of the letter from the respective stock exchange giving permission for trading in the shares of the issue for which NOC is sought (Give reasons for delay, if any, in listing of securities).

6. Any other information.

Certified that the information given above and also in the enclosures are true to the best of our knowledge and no refund orders/allotment letters/certificates are pending for despatch in respect of the issue.

(FOR COMPANY)

Place:
Date: (Name and signature of authorised signatory)

Annexure 2

Securities and Exchange Board of India investor grievance and guidance division

POST BOX NO-19981, NARIMAN POINT, MUMBAI-400021

(Proforma for Sending Responses to SEBI Kind Attn: The Company Secretary)

It has been our experience that a large number of companies have not been responding to complaints forwarded by SEBI in the required format. Consequently, the complaints remain pending in the record leading to various reminders and follow-up letters which may eventually lead to coercive action as well. It is, therefore, necessary for the companies to ensure that SEBI is duly informed about the redressal of investor complaints in the required format.

The proforma in which companies have to send their responses is as mentioned below. The proforma should be strictly adhered to, failing which the replies will not be updated.

1. Sl. No.
2. Complaint Ref. No.
3. Name of the investor

4. Type/category
5. Action in brief
6. Date of action
7. Despatch details like Registration No.

Sl. No.	*Comp. Ref. No.*	*Name of investor*	*Type/Category*	*Action in brief*	*Date of action*	*Registration No.*

Note.—

1. Action taken in brief should indicate the action taken by the company to resolve the complaint.
2. Where the company has asked the investor to execute an indemnity bond, the company has to invariably furnish the proof of original dispatch or refund orders/certificates/dividend/interest warrant/maturity amounts by giving date of dispatch and registration no.
3. In cases where further details are sought from the investor like application no., folio no., bank serial no., etc., and no response is forthcoming from the investor, the company is required to send at least two reminders by UCP over an interval of two months each from the dispatch of first letter and intimate SEBI giving proof of postal despatch of such reminder letters along with one specimen copy of the reminder sent.

Appendix 13

Specimen of information to be given to Stock Exchange(s) under Clause 47(*a*)

FL/SE/DKJ/PP/06/ 6th June, 2006

To,

Shri Ajit Sawant
The Stock Exchange, Mumbai
1st Floor, New Trading Ring
Rotunda Building, P.J. Tower,
Dalal Street, Fort
MUMBAI - 400001

Sub: Information for change in the Compliance Officer of the Company as per Clause No. 47 of the Listing Agreement.

Dear Sir,

In terms of the provisions of Clause 47 of the Listing Agreement, we would like to inform that the Company has appointed Mr. Pankaj Pabaiya, as its Compliance Office in place of Shri K.C. Jain, the Chief Executive of the Company on the Board meeting held on 6th June, 2005.

We hereby submit necessary details of the new compliance officer as under:

Name	:	Shri ABC
Designation	:	Company Secretary
Office Address	:	Admn. & Corporate Office: 8J, Industrial Area No.1, A.B.Road Dewas (M.P.) 455001
Registered Office	:	1st Floor,Navneet Darshan, 16/2, Old Palasia, Indore (M.P.) 452001

Residential Address	:	Higher extension, Jain Colony, Neminagar, Indore (M.P.) 452018
Phone/Fax Nos.	:	Regd. Office Phone No. 0731-2564820 Admn. Office: Phone No.07272-258582-258583 Fax No. 07272-258581
Email	:	fl@sancharnet.in

You are requested to please take on record the above said informations.

Thanking You,
Yours Faithfully,
For FL LTD.

ABC
COMPANY SECRETARY

Appendix 14

Format of Certificate to be given by practicing Company Secretary under Clause 47(*c*)

CERTIFICATE

FOR THE HALF YEAR ENDED (*half year ended March/September*)

I have examined all Share Transfer Deeds, Memorandum of Transfers, Registers, files and other documents relating to (*name of the company*) maintained by (*name of the RTA*) pertaining to transfer of Equity Shares of the company for the period from (*beginning date of the half year*) to (*end date of the half year*) for the purpose of issuing a Certificate as per Clause 47(C)of the Listing Agreement entered into by, *(name of the company)* with the stock exchanges and basing on the information provided by the Company and hereby certify that the company has delivered during half year ended on (*half-year ended March/September*).

(A) Share Certificate relating to the Share Transfer Deeds received during the period from 1st (*beginning date of the half year*) to (*end date of the half year*) as entered in the Memorandum of Transfers have been issued within One month from respective date of lodgment of each deed excepting those rejected on technical grounds.

(B) Share Certificates in respect of requests for exchange of Duplicate and Split certificates have been. issued within One month of lodgment

Date: (Name, Membership No and Signature of Practicing Company Secretary)

Place:

Appendix 15

Format for Secretarial Audit Report (Separate for each ISIN)

(details should be certified by the auditors/company secretary in practice)

1. For Quarter Ended
2. ISIN:
3. Face Value:
4. Name of the Company:

5. Registered Office Address:
6. Correspondence Address:
7. Telephone & Fax Nos,:
8. Email address:
9. Names of the Stock Exchanges where the company's securities are listed:
10. Issued Capital: Number of Shares %of the Total issued capital
11. Listed Capital (Exchange-wise):
    (as per company records)
12. Held in dematerialised form in CDSL:
13. Held in dematerialised form in NSDL:
14. Physical:
15. Total No. of shares (12+13+14):
16. Reasons for difference if any, between (10&11), (10&15), (11&15):
17. Certifying the details of changes in share capital during the quarter under consideration as per Table below:

*Particulars******	*No. of Shares*	*Applied/ Not Applied for listing*	*Listed on Stock Exchanges (Specify names)*	*Whether intimated to CDSL*	*Whether intimated to NSDL*	*In-principal approval for SE (Specify Names)*

*** Rights, Bonus, Preferential Issue, ESOPs, Amalgamation, Conversion, Buyback, Capital Reduction, Forfeiture, Any other (to specify).

18. Register of members is updated (Yes/No):
    If not, updated upto which date
19. Reference of previous quarter with regards to excess dematerialised shares, .if any:
20. Has the company resolved the matter mentioned in point no.19 above in the current quarter? If not, reason why?
21. Mentioned the total no. of requests, if any, confirmed after 21 days and the total no. of requests pending beyond 21 days with the reasons for delay:

Total No. of demat requests	*No. of requests*	*No. of Shares*	*Reasons for delay*
Confirmed after 21 days			
Pending for more than 21 days			

22. Name, Telephone & Fax No. of the Compliance Officer of the Company:
23. Name, Address, Tel. & Fax No., Regn. No. of the Auditor:
24. Appointment of common agency for share registry work (if yes, name and address):
25. Any other detail that the auditor may like to provide, (*e.g.* BIFR Company, delisting from SE.

Appendix 16

Comprehensive guidelines for Investor Protection Fund/Customer Protection Fund at Stock Exchanges

SEBI has issued a Circular No.MRD/DoP/SE/Cir-38/2004, dated October 28, 2004 which states that:—

1. The Central Government, *vide* Notification No. F.No.14/4/SE/85, dated August 22, 1985, has stipulated the setting up of the Investor Protection Fund (IPF)/Customer Protection Fund (CPF) by the

Stock Exchanges. It was contemplated to create a compensation fund to take care of the legitimate investment claims which are not of speculative nature of the clients of a defaulting member. It was proposed that the claim of each non member may be limited to a maximum amount of Rs. 10,000.

SEBI *vide* Circular No. SMD/RCG/PJ/268/96, dated January 19, 1996, advised, *inter alia*, the Stock Exchanges to increase the compensation available against a single claim of an investor against the defaulter member broker to Rs. 1,00,000 in case of major Stock Exchanges, Rs. 25,000 in case of smaller Stock Exchanges *viz.*, Guwahati, Bhubaneshwar, Magadh and Madhya Pradesh and Rs. 50,000 in case of other Stock Exchanges.

2. During the course of the inspection of the Stock Exchanges, it has been observed by SEBI that the Stock Exchanges were following varying practices with respect to the setting up, management of and the disbursements from the IPF/CPF.

3. With a view to bring about uniformity in the practices followed by Stock Exchanges with respect to the constitution, management and the utilisation of the IPF/CPF at the Stock Exchanges, the provisions of the IPF/CPF have been reviewed and consolidated. The Comprehensive Guidelines on the IPF/CPF are enclosed as Annexure. These Guidelines are being issued after a due consultative process with the public and after the approval of the Secondary Market Advisory Committee of SEBI.

4. The Stock Exchanges are advised to:

4.1 ensure that their IPF/CPF is in line with the provisions of the above mentioned guidelines and take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.

4.2 bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website.

4.3 communicate to SEBI, the status of the implementation of the provisions of this circular in Section II, item No. 13 of the Monthly Development Report.

5. This circular is being issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Annexure to Appendix 16

Comprehensive guidelines for Investor Protection Fund (IPF)/Customer Protection Fund (CPF) at Stock Exchanges

Constitution and Management of the IPF/CPF

1. The Investor Protection Fund/Customer Protection Fund (hereinafter referred to as IPF/CPF) shall be administered by way of a Trust created for the purpose.

2. The IPF/CPF Trust shall consist of at least one public representative, one representative from the registered investor associations recognized by SEBI and the Executive Directors/Managing Directors/Administrators of the Stock Exchange.

3. The Stock Exchange shall provide the secretariat for the IPF/CPF Trust.

4. The Stock Exchange shall ensure that the funds in the IPF/CPF are well segregated and that the IPF/CPF is immune from any liabilities of the Stock Exchange.

Contribution to IPF/CPF

5. The following contributions shall be made by the Stock Exchange to the IPF/CPF:—

(*a*) 1% of the listing fees received, on a quarterly basis.

(*b*) 100 % of the interest earned on the 1% security deposit kept by the issuer companies at the time of the offering of securities for subscription to the public, immediately on refund of the deposit.

(*c*) The difference of amount of auctions/close-out price in pursuance of Circular No. SMDRP/Policy/Cir-10/1999, dated May 4, 1999.

(*d*) The amount received from the proceeds of the sale of the securities written off as per para 4 and 5 of SEBI Circular No. FITTC/FII/02/2002, dated May 15, 2002.

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(*e*) The amounts specified in pursuance of regulation 28(12)(*e*)(*ii*), regulation 28(13) and regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

6. As regards the contribution towards the IPF based on the transaction charges collected from the members of the exchange, the Stock Exchanges shall continue with the present practice followed by the respective Stock Exchanges.

Manner of filing/inviting claims from investors

7. In accordance with its bye-laws, rules or regulations, the Stock Exchange shall publish a notice inviting the legitimate claimants to file claims against the defaulter member brokers within a specified period of time, called as the "specified period".

8. The specified period shall not be less than one month or twenty five working days, whichever is more.

9. The Stock Exchange shall publish the notice in all the editions of at least one English national daily with wide circulation and in at least one regional language daily with wide circulation at the place where the Stock Exchange is situated.

10. The notice calling for claims shall also be displayed on the premises of the Stock Exchange as well as on the web-sites of the Stock Exchange for the entire specified period.

11. The notice shall contain the specified period, the maximum compensation limit for a single claim of an investor, etc.

Eligible Claims

12. The claims received against the defaulter members during the specified period shall be eligible for compensation from the IPF/CPF.

13. The IPF/CPF Trust however, may, if it is satisfied that the claims could not have been filed during the specified period for reasons beyond the control of the claimant, entertain claims received even after the specified period.

14. The claims of the investors/clients shall be eligible for compensation from the IPF/CPF and in no case the claims of a broker or an associate of the member broker of the Stock Exchange shall be eligible for compensation out of the IPF/CPF.

15. The claims of the investors/clients arising out of speculative transactions shall not be eligible for compensation from the IPF/CPF. The claim should not be a sham or collusive.

Determination of Legitimate Claims

16. The IPF/CPF Trust may adopt the arbitration mechanism at the Stock Exchange to determine the legitimacy of the claims received from the claimants.

17. The IPF/CPF Trust may also seek the advice of the Defaulters Committee to sanction and ratify the payments to be made to the investors.

Threshold limit for claims

18. The Stock Exchanges are free to fix suitable compensation limits, in consultation with the IPF/CPF Trust. However, the amount of compensation available against a single claim of an investor arising out of default by a member broker of a Stock Exchange shall not be less than Rs. 1 lakh in case of major Stock Exchanges *viz.*, BSE and NSE, and Rs. 50,000 in case of other Stock Exchanges.

19. The Stock Exchange, in consultation with the IPF/CPF Trust, shall review and progressively increase the amount of compensation available against a single claim from an investor, at least every three years.

20. The Stock Exchange shall disseminate the compensation limit fixed by them and any change thereof, to the public through a Press Release and also through its web site.

Disbursements of claims from the IPF/CPF

21. The IPF/CPF Trust shall disburse the amount of compensation from the IPF/CPF to the investor and such compensation shall not be more than the maximum amount fixed for a single claim of an investor.

22. The IPF/CPF need not wait for the auction of the card of the defaulter member broker to realize the assets and the liabilities position of the defaulter member before the disbursements of the claims.

23. The IPF/CPF Trust shall disburse the compensation to the investors as and when claims have been crystallised against the defaulter.

24. The Stock Exchange shall ensure that the amount realised by the auction/close-out of the card/realisation of assets of the defaulter members are credited to the IPF/CPF after satisfying the claims of the Stock Exchange and the SEBI in accordance with the bye-laws of the Stock Exchange.

Miscellaneous

25. Post-demutualisation, the balance of the IPF/CPF lying un-utilised with the Stock Exchanges, shall continue to be utilised only for such purposes as prescribed by SEBI.

26. However, if the Stock Exchange is wound up post-demutualisation, then the balance in the IPF/CPF lying un-utilised with the Stock Exchange shall be transferred to SEBI. The funds will be maintained in a separate account and SEBI would act as trustee of these funds. The funds shall be utilised for purposes of Investor education, awareness, research, etc.

Appendix 17

Specimen of format for providing undertaking for lifting of suspension of listing of securities

To,
The General Manager
The Stock Exchange Mumbai
Corporate Relationship
Dalal Street, Fort, MUMBAI - 400001

UNDERTAKING

I, XYX, the Chairman and Managing Director of the Company, duly authorised by the Board of Directors to undertake and confirm on behalf of the Company do undertake and confirm:

1. That the Stock Exchange, Mumbai will not be responsible/held liable for market complications that may arise on account of acting upon & taking into consideration such shorter notice of Book Closure given by the Company.
2. That the Company agrees to accept transfer deeds bearing rubber stamp of the Stock Exchange up to 21 days from the date of receipt of its letter regarding the Book Closure to this Stock Exchange.
3. That the Company will attend promptly to all investors grievances pertaining to the Transfer Deeds and such related matters.
4. That the Company will give 42 days notice regarding its Book Closure/Record Date to the Stock Exchange in future and also dispatch Share Certificates duly transferred within one month of the date of lodgment of transfer.
5. That the Company will give such communication/notices in future by fax/telex addressed to `General Manager, Marketing Operations Department' and also one copy thereof through post and confirm its receipts preferably by telephoning the Market Operation Department.

For, ABC LIMITED.

ABC
CHAIRMAN/DIRECTOR

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To,
The General Manager
The Stock Exchange Mumbai
Corporate Relationship Department
Dalal Street, Fort,
MUMBAI - 400001

Sub: Lifting of Suspension of trading in the Securities of our Company for non Compliance of Clause 15 & 16 of the Listing Agreement.

Dear Sir,

This has in reference to your letter no. CRD/SUSP/UT/….. dtd……… our letter dtd. ……… on the subject captioned above, regarding suspension of trading of the securities of the Company w.e.f. …….

We would like to submit that delay in receipt of information regarding Book Closure by the Stock Exchange was due to postal delay and there was no melafide intention of the Company.

However, we hereby submit an undertaking in the prescribed format for strict compliance of the Listing guidelines in future. Please also find enclosed a demand draft No....... dtd…………for Rs…….. being the minimum penalty for a period of five days, calculated on the Paid Up Share Capital of the Company Rs. 399.87 Lacs, on account of suspension of trading of the Equity Shares of the Company.

You are requested to please consider the undertaking and accept amount of minimum penalty and issue necessary orders to resume/lifting of suspension of trading of the Shares of the Company in the interest of the Members, general investors and secondary capital market of the country and oblige.

Thanking you
Yours faithfully
For, ABC LIMITED.

ABC
CHAIRMAN/DIRECTOR

Appendix 18

Exclusive e-mail ID for redressel of Investor Complaints

Circular No. MIRSD/DPS III//Cir-01/07 dt. 22.01.2007

1. SEBI has been mandated, inter-alia, under the SEBI Act, 1992 to protect the interests of investors in the Indian securities market. To this end, several investor protection measures and regulatory reforms have been initiated by SEBI from time to time for the benefit of investors and to make the Indian securities market a more transparent and safer place for their investments.

2. In the recent past, SEBI has been receiving representations from various investors requesting for a direct and quicker forum for enabling them to register their complaints expeditiously with the intermediaries/listed companies/stock exchanges. It has also been observed in several cases that pursuant to registering a complaint, the investors do not have any mode for a follow-up or monitoring the processing of their complaints.

3. In order to address the aforesaid representations, it is felt desirable to designate an exclusive e-mail ID of the grievance redressel division / compliance officer in which the investors would be able to register their complaints and also take necessary follow-up actions as necessary. Such a process would not only expedite the redressel of the complaints of the investors but also

enable several investors across the country to register their complaints through a single, centralized, exclusive e-mail ID that is designated for the purpose.

4. Accordingly, all registered Merchant Bankers, registered Registrars to an Issue/ Share Transfer Agents, registered Debenture Trustees, registered Bankers to Issue and registered Underwriters are advised to designate an e-mail ID of the grievance redressel division/compliance officer exclusively for the purpose of registering complaints by investors. The above entities are also advised to display the email ID and other relevant details prominently on their websites and in the various materials/pamphlets/advertisement campaigns initiated by them for creating investor awareness.

5. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Appendix 19
FREQUENTLY ASKED QUESTIONS ON DEMATERIALISATION

1. What is a Depository?

A depository is an organisation which holds securities of investors in electronic form at the request of the investors through a registered Depository Participant. It also provides services related to transactions in securities.

2. How is a depository similar to a bank?

It can be compared with a bank, which holds the funds for depositors. A Bank – Depository Analogy is given in the following table:

BANK-DEPOSITORY – AN ANALOGY

BANK	DEPOSITORY
Holds funds in an account	Hold securities in an account
Transfers funds between accounts on the instruction of the account holder	Transfers securities between accounts on the instruction of the account holder
Facilitates transfer without having to handle money	Facilitates transfer of ownership without having to handle securities
Facilitates safekeeping of money	Facilitates safekeeping of securities

3. How many Depositories are registered with SEBI?

At present two Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) are registered with SEBI.

4. Who is a Depository Participant?

A Depository Participant (DP) is an agent of the depository through which it interfaces with the investor. A DP can offer depository services only after it gets proper registration from SEBI. Banking services can be availed through a branch whereas depository services can be availed through a DP.

5. What is the minimum net worth required for a depository?

The minimum net worth stipulated by SEBI for a depository is Rs.100 crore.

6. How many Depository Participants are registered with SEBI?

As on 31/03/2006, total of 538 DPs are registered with SEBI. A list of DP's and their addresses can be downloaded from SEBI website.

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7. Is it compulsory for every investor to open a depository account to trade in the capital market?

As per the available statistics at BSE and NSE, 99.9% settlement takes place in demat mode only. Therefore, in view of the convenience in settlement through demat mode, it is advisable to have a beneficiary owner (BO) account to trade at the exchanges.

8. What are the benefits of availing depository services?

The benefits are enumerated below:-

(a) A safe and convenient way to hold securities;
(b) Immediate transfer of securities;
(c) No stamp duty on transfer of securities;
(d) Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.;
(e) Reduction in paperwork involved in transfer of securities;
(f) Reduction in transaction cost;
(g) No odd lot problem, even one share can be sold;
(h) Nomination facility;
(i) Change in address recorded with DP gets registered with all companies in which investor holds securities electronically eliminating the need to correspond with each of them separately;
(j) Transmission of securities is done by DP eliminating correspondence with companies;
(k) Automatic credit into demat account of shares, arising out of bonus/split/consolidation/merger etc.
(l) Holding investments in equity and debt instruments in a single account.

9. How can services of a depository be availed?

To avail the services of a depository an investor is required to open an account with a depository participant of any depository.

10. How can one open an account?

First an investor has to approach a DP and fill up an account opening form. The account opening form must be supported by copies of any one of the approved documents to serve as proof of identity (POI) and proof of address (POA) as specified by SEBI. Besides, production of PAN card in original at the time of opening of account has been made mandatory effective from April 01, 2006.

All applicants should carry original documents for verification by an authorized official of the depository participant, under his signature.

Further, the investor has to sign an agreement with DP in a depository prescribed standard format, which details rights and duties of investor and DP. DP should provide the investor with a copy of the agreement and schedule of charges for their future reference. The DP will open the account in the system and give an account number, which is also called BO ID (Beneficiary Owner Identification number).

The DP may revise the charges by giving 30 days notice in advance. SEBI has rationalised the cost structure for dematerialisation by removing account opening charges, transaction charges for credit of securities, and custody charges vide circular dated January 28, 2005.

Further, SEBI has vide circular dated November 09, 2005 advised that with effect from January 09, 2006, no charges shall be levied by a depository on DP and consequently, by a DP on a Beneficiary Owner (BO) when a BO transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership.

11. Why should an investor give his bank account details at the time of account opening?

It is for the protection of investor's interest. The bank account number will be mentioned on the interest or dividend warrant, so that such warrant cannot be encashed by any one else. Further, cash corporate benefits such as dividend, interest will be credited to the investors account directly through the ECS (Electronic Clearing Service) facility, wherever available, by the company.

12. Can an investor change the details of his bank account?

Yes. Since in the depository system monetary benefits on the security balances are paid as per the bank account details provided by the investor at the time of account opening, the investor must ensure that any subsequent change in bank account details is informed to the DP.

13. What should be done if the address of the investor changes?

Investor should immediately inform his/her DP, who in turn will update the records. This will obviate the need of informing different companies.

14. Can multiple accounts be opened?

Yes. An investor can open more than one account in the same name with the same DP and also with different DPs.

15. Does the investor have to keep any minimum balance of securities in his/her accounts?

No.

16. Is it necessary to have account with the same DP as broker has?

No. Depository / DP can be chosen by investor as per convenience irrespective of the DP of the broker.

17. Can an investor open a single account for securities owned in different ownership patterns such as securities owned individually and securities owned jointly with others?

No. The demat account must be opened in the same ownership pattern in which the securities are held in the physical form. e. g. if one share certificate is in the individual name and another certificate is jointly with somebody, two different accounts would have to be opened.

18. What is required to be done if one has physical certificates with the same combination of names, but the sequence of names is different i.e. some certificates with 'A' as first holder and 'B' as second holder and other set of certificates with 'B' as first holder and 'A' as the second holder?

In this case the investor may open only one account with 'A' & 'B' as the account holders and lodge the security certificates with different order of names for dematerialisation in the same account. An additional form called "Transposition cum Demat" form will have to be filled in. This would help you to effect change in the order of names as well as dematerialise the securities.

19. Can an investor operate a joint account on "either or survivor" basis just like a bank account?

No. The demat account cannot be operated on "either or survivor" basis like the bank account.

20. Can someone else operate the account on behalf of the BO on the basis of a power of attorney?

Yes. If the BO authorises any person to operate the account by executing a power of attorney and submit it to the DP, that person can operate the account on behalf of the BO.

21. Can addition or deletion of names of accountholders is permitted after opening the account?

No. The names of the account holders of a BO account cannot be changed. If any change has to be effected by addition or deletion, a new account has to be opened in the desired holding pattern (names) and then transfer the securities to the newly opened account. The old account may be closed.

22. Can an investor close his demat account with one DP and transfer all securities to another account with another DP?

Yes. The investor can submit account closure request to his DP in the prescribed form. The DP will transfer all the securities lying in the account, as per the instruction, and close the demat account.

23. What would be the charges for account closure and securities transfer due to account closing?

SEBI vide Circular No. MRD/DoP/Dep/Cir-22 /05 dated November 09, 2005 advised that with effect from January 09, 2006, no charges shall be levied by a depository on DP and consequently, by a DP on a Beneficiary Owner (BO) when a BO transfers all the securities lying in his account to another branch of the same DP or to another DP of the same depository or another depository, provided the BO Account/s at transferee DP and at transferor DP are one and the same, i.e. identical in all respects. In case the BO Account at transferor DP is a joint account, the BO Account at transferee DP should also be a joint account in the same sequence of ownership.

All other transfer of securities consequent to closure of account, not fulfilling the above-stated criteria, would be treated like any other transaction and charged as per the schedule of charges agreed upon between the BO and the DP.

24. Whether investors can freeze or lock their accounts?

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Investors can freeze or lock their accounts for any given period of time, if so desired. Accounts can be frozen for debits (preventing transfer of securities out of accounts) or for credits (preventing any movements of hindrances into accounts) or for both.

25. What is dematerialisation?

Dematerialisation is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited into the investor's account with his/her DP.

26. How can one convert physical holding into electronic holding i.e how can one dematerialise securities?

In order to dematerialise physical securities one has to fill in a DRF (Demat Request Form) which is available with the DP and submit the same along with physical certificates one wishes to dematerialise. Separate DRF has to be filled for each ISIN Number.

27. What is an ISIN?

ISIN (International Securities Identification Number) is a unique identification number for a security.

28. Can odd lot shares be dematerialised?

Yes, odd lot share certificates can also be dematerialised.

29. Do dematerialised shares have distinctive numbers?

Dematerialised shares do not have any distinctive numbers. These shares are fungible, which means that all the holdings of a particular security will be identical and interchangeable.

30. Can electronic holdings be converted back into Physical Certificates?

Yes. The process is called rematerialisation. If one wishes to get back his securities in the physical form one has to fill in the RRF (Remat Request Form) and request his DP for rematerialisation of the balances in his securities account. The process of rematerialisation is outlined below:

(a) One makes a request for rematerialisation.
(b) Depository participant intimates depository of the request through the system.
(c) Depository confirms rematerialisation request to the registrar.
(d) Registrar updates accounts and prints certificates.
(e) Depository updates accounts and downloads details to depository participant.
(f) Registrar dispatches certificates to investor.

31. What is the procedure for selling dematerialised securities?

The procedure for buying and selling dematerialised securities is similar to the procedure for buying and selling physical securities. The difference lies in the process of delivery (in case of sale) and receipt (in case of purchase) of securities.

In case of purchase:-

(a) The broker will receive the securities in his account on the payout day
(b) The broker will give instruction to its DP to debit his account and credit investor's account
(c) Investor will give ‘Receipt Instruction to DP for receiving credit by filling appropriate form. However one can give standing instruction for credit in to ones account that will obviate the need of giving Receipt Instruction every time.

In case of sale:-

The investor will give delivery instruction to DP to debit his account and credit the broker’s account. Such instruction should reach the DP’s office at least 24 hours before the pay-in as other wise DP will accept the instruction only at the investor’s risk.

32. What is 'Standing Instruction' given in the account opening form?

In a bank account, credit to the account is given only when a 'pay in' slip is submitted together with cash/cheque. Similarly, in a depository account 'Receipt in' form has to be submitted to receive securities in the account. However, for the convenience of investors, facility of 'standing instruction' is given. If you say 'Yes' for standing instruction, you need not submit 'Receipt in' slip everytime you buy securities. If you are particular that securities can be credited to your account only with your consent, then do not say 'yes' [or tick] to standing instruction in the application form.

33. What is delivery instruction slip (DIS)? What precautions do one need to observe with respect to Delivery Instruction Slips?

To give the delivery one has to fill a form called Delivery Instruction Slip (DIS). DIS may be compared to cheque book of a bank account. The following precautions are to be taken in respect of DIS:-

(a) Ensure and insist with DP to issue DIS book.

(b) Ensure that DIS numbers are pre-printed and DP takes acknowledgment for the DIS booklet issued to investor.

(c) Ensure that your account number [client id] is pre-stamped.

(d) If the account is a joint account, all the joint holders have to sign the instruction slips. Instruction cannot be executed if all joint holders have not signed.

(e) Avoid using loose slips

(f) Do not leave signed blank DIS with anyone viz., broker/sub-broker.

(g) Keep the DIS book under lock and key when not in use.

(h) If only one entry is made in the DIS book, strike out remaining space to prevent misuse by any one.

(i) Investor should personally fill in target account -id and all details in the DIS.

34. Is it possible to give delivery instructions to the DP over Internet and if yes, how?

Yes. Both NSDL and CDSL have launched this facility for delivering instructions to your DP over Internet, called SPEED-e and EASI respectively. The facility can be used by all registered users after paying the applicable charges.

35. Is it possible to get securities allotted in public offering directly in the electronic form?

Yes, it is possible to get securities allotted to in Public Offerings directly in the electronic form. In the public issue application form there is a provision to indicate the manner in which an investor wants the securities allotted. He has to mention the BO ID and the name and ID of the DP on the application form. Any allotment made will be credited into the BO account.

36. How are cash corporate benefit such as dividend / interest received?

The concerned company obtains the details of beneficiary holders and their holdings as on the date of the book closure/record date from Depositories. The payment to the investors will be made by the company through the ECS (Electronic Clearing Service) facility, wherever available. Thus the dividend / interest will be credited to your bank account directly. Where ECS facility is not available dividend / interest will be given by issuing warrants on which your bank account details are printed. The bank account details will be those which you would have mentioned in your account opening form or changed thereafter.

37. How would one receive non-cash corporate benefit such as bonus etc.?

The concerned company obtains the details of beneficiary holders and their holdings as on the date of the book closure/record date from depositories. The entitlement will be credited by the company directly into the BO account.

38. Who should be contacted in case of discrepancies in corporate benefits?

In case of discrepancies in corporate benefits, one can approach the company / its R&T Agent.

39. Can one pledge dematerialised securities?

Yes. In fact, pledging dematerialised securities is easier and more advantageous as compared to pledging physical securities.

40. What should one do to pledge electronic securities?

The procedure to pledge electronic securities is as follows:

(a) Both investor (pledgor) as well as the lender (pledgee) must have depository accounts with the same depository;

(b) Investor has to initiate the pledge by submitting to DP the details of the securities to be pledged in a standard format;

(c) The pledgee has to confirm the request through his/her DP;

(d) Once this is done, securities are pledged.

(e) All financial transactions between the pledgor and the pledgee are handled as per usual practice outside the depository system.

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41. How can one close the pledge after repayment of loan?

After one has repaid the loan, one can request for a closure of pledge by instructing the DP in a prescribed format. The pledgee on receiving the repayment will instruct his DP accordingly for the closure of the pledge.

42. Can one change the securities offered in a pledge?

Yes, if the pledgee [lender] agrees, one may change the securities offered in a pledge.

43. Who would receive the corporate benefits on the pledged securities?

The securities pledged are only blocked in the account of pledgor in favour of the pledgee. The pledgor would continue to receive all the corporate benefits.

44. How does one know that the DP has updated the account after each transaction?

The DP gives a Transaction Statement periodically, which will detail current balances and various transactions made through the depository account. If so desired, DP may provide the Transaction Statement at intervals shorter than the stipulated ones, probably at a cost.

45. At what frequency will the investor receive his Transaction Statement from his DP?

DPs have to provide transaction statements to their clients once in a month, if there are transactions and once in a quarter, if there are no transactions.

Moreover, DPs can provide transaction statement in electronic form under digital signature subject to their entering into a legally enforceable arrangement with the BOs to this effect.

46. What is to be done if there are any discrepancies in transaction statement?

In case of any discrepancy in the transaction statement, one can contact his/her DP. If the discrepancy cannot be resolved at the DP level, one should approach the Depository.

47. Whom should one contact in case of any investor complaint/problem/query?

In case of any investor complaint / problem / query one may first contact his DP. If DP is unable to solve the complaint / problem / query one should approach concerned depository. If one is not satisfied one may approach SEBI. One may also approach SEBI directly.

48. What is Lending and Borrowing of Securities?

If any person required to deliver a security in the market does not readily have that security, he can borrow the same from another person who is willing to lend as per the Securities Lending and Borrowing Scheme.

49. Can lending and borrowing be done directly between two persons?

No. Lending and borrowing has to be done through an 'Approved Intermediary' registered with SEBI. The approved intermediary would borrow the securities for further lending to borrowers. Lenders of the securities and borrowers of the securities enter into separate agreements with the approved intermediary for lending and borrowing the securities. Lending and borrowing is effected through the depository system.

50. Can I lend the securities lying in my account?

Yes. You can lend your securities through Approved Intermediaries registered with SEBI.

51. How would I lend my demat securities?

You may enter into an agreement with the approved intermediary to be a lender under this scheme. After that, you may lend securities any time by submitting lending instruction to your DP.

52. How would I get back the securities lent by me?

Intermediary may return the securities at any time or at the end of the agreed period of lending. Intermediary has to repay the securities together with any benefits received during the period of the loan.

53. How would I receive the corporate benefits which would accrue on these securities during the period of lending?

The benefits will be given to the Intermediary/borrower. However, whenever the securities are being returned / recalled. Intermediary/borrower will return the securities together with benefits received.

54. Who can nominate?

Nomination can be made only by individuals holding beneficiary accounts either singly or jointly. Non-individuals including society, trust, body corporate, karta of Hindu Undivided Family, holder of power of attorney cannot nominate.

55. Who can be a nominee?

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Only an individual can be a nominee. A nominee shall not be a society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder.

56. What is transmission of demat securities?

Transmission is the process by which securities of a deceased account holder are transferred to the account of his legal heirs / nominee. Process of transmission in case of dematerialised holdings is more convenient as the transmission formalities for all securities held in a demat account can be completed by submitting documents to the DP, whereas in case of physical securities the legal heirs/nominee/surviving joint holder has to independently correspond with each company in which securities are held.

57. In the event of death of the sole holder, how the successors should claim the securities lying in the demat account?

The claimant should submit to the concerned DP an application Transmission Request Form (TRF) along with the following supporting documents

1. In case of death of sole holder where the sole holder has appointed a nominee, Notarised copy of the death certificate
2. In case of death of the sole holder, where the sole holder has not appointed a nominee, Notarised copy of the death certificate and any one of the below mentioned documents -
   (a) Succession certificate
   (b) Copy of probated will
   (c) Letter of Administration

The DP, after ensuring that the application is genuine, will transfer securities to the account of the claimant.

The major advantage in case of dematerialised holdings is that the transmission formalities for all securities held with a DP can be completed by interaction with the DP alone, unlike in the case of physical share certificates, where the claimant will have to interact with each Issuing company or its Registrar separately.

58. If my depository account is with NSDL/CDSL, can I receive my securities from an account holder having account with the other depository in India?

Yes. Inter depository transfers are possible.

Appendix 20

FREQUENTLY ASKED QUESTIONS ON SECONDARY MARKET

1. What are the various types of financial markets?

The financial markets can broadly be divided into money and capital market.

Money Market: Money market is a market for debt securities that pay off in the short term usually less than one year, for example the market for 90-days treasury bills. This market encompasses the trading and issuance of short term non equity debt instruments including treasury bills, commercial papers, bankers acceptance, certificates of deposits, etc.

Capital Market: Capital market is a market for long-term debt and equity shares. In this market, the capital funds comprising of both equity and debt are issued and traded. This also includes private placement sources of debt and equity as well as organized markets like stock exchanges. Capital market can be further divided into primary and secondary markets.

2. What is meant by the Secondary Market?

Secondary Market refers to a market where securities are traded after being initially offered to the public in the primary market and/or listed on the Stock Exchange. Majority of the trading is done in the secondary market. Secondary market comprises of equity markets and the debt markets.

For the general investor, the secondary market provides an efficient platform for trading of his securities. For the management of the company, Secondary equity markets serve as a monitoring and control conduit—by facilitating value-enhancing control activities, enabling implementation of incentive-based management contracts, and aggregating information (via price discovery) that guides management decisions.

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3. What is the difference between the primary market and the secondary market?

In the primary market, securities are offered to public for subscription for the purpose of raising capital or fund. Secondary market is an equity trading avenue in which already existing/pre- issued securities are traded amongst investors. Secondary market could be either auction or dealer market. While stock exchange is the part of an auction market, Over-the-Counter (OTC) is a part of the dealer market.

4. What is SEBI and what is its role?

The SEBI is the regulatory authority established under Section 3 of SEBI Act 1992 to protect the interests of the investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith and incidental thereto.

5. What are the various departments of SEBI regulating trading in the secondary market?

The following departments of SEBI take care of the activities in the secondary market.

Sr.No.	Name of the Department	Major Activities
1.	Market Intermediaries Registration and Supervision department (MIRSD)	Registration, supervision, compliance monitoring and inspections of all market intermediaries in respect of all segments of the markets viz. equity, equity derivatives, debt and debt related derivatives.
2.	Market Regulation Department (MRD)	Formulating new policies and supervising the functioning and operations (except relating to derivatives) of securities exchanges, their subsidiaries, and market institutions such as Clearing and settlement organizations and Depositories (Collectively referred to as 'Market SROs'.)
3.	Derivatives and New Products Departments (DNPD)	Supervising trading at derivatives segments of stock exchanges, introducing new products to be traded, and consequent policy changes

6. What are the products dealt in the secondary markets?

Following are the main financial products/instruments dealt in the secondary market:

Equity: The ownership interest in a company of holders of its common and preferred stock. The various kinds of equity shares are as follows –

(a) *Equity Shares:* An equity share, commonly referred to as ordinary share also represents the form of fractional ownership in which a shareholder, as a fractional owner, undertakes the maximum entrepreneurial risk associated with a business venture. The holders of such shares are members of the company and have voting rights. A company may issue such shares with differential rights as to voting, payment of dividend, etc.

(b) *Rights Issue/ Rights Shares*: The issue of new securities to existing shareholders at a ratio to those already held.

(c) *Bonus Shares:* Shares issued by the companies to their shareholders free of cost by capitalization of accumulated reserves from the profits earned in the earlier years.

(d) *Preferred Stock/ Preference shares:* Owners of these kind of shares are entitled to a fixed dividend or dividend calculated at a fixed rate to be paid regularly before dividend can be paid in respect of equity share. They also enjoy priority over the equity shareholders in payment of surplus. But in the event of liquidation, their claims rank below the claims of the company's creditors, bondholders / debenture holders.

(e) *Cumulative Preference Shares*: A type of preference shares on which dividend accumulates if remains unpaid. All arrears of preference dividend have to be paid out before paying dividend on equity shares.

(f) *Cumulative Convertible Preference Shares:* A type of preference shares where the dividend payable on the same accumulates, if not paid. After a specified date, these shares will be converted into equity capital of the company.

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(g) *Participating Preference Share:* The right of certain preference shareholders to participate in profits after a specified fixed dividend contracted for is paid. Participation right is linked with the quantum of dividend paid on the equity shares over and above a particular specified level.

(h) *Security Receipts:* Security receipt means a receipt or other security, issued by a securitisation company or reconstruction company to any qualified institutional buyer pursuant to a scheme, evidencing the purchase or acquisition by the holder thereof, of an undivided right, title or interest in the financial asset involved in securitisation.

(i) *Government securities (G-Secs):* These are sovereign (credit risk-free) coupon bearing instruments which are issued by the Reserve Bank of India on behalf of Government of India, in lieu of the Central Government's market borrowing programme. These securities have a fixed coupon that is paid on specific dates on half-yearly basis. These securities are available in wide range of maturity dates, from short dated (less than one year) to long dated (upto twenty years).

(j) *Debentures:* Bonds issued by a company bearing a fixed rate of interest usually payable half yearly on specific dates and principal amount repayable on particular date on redemption of the debentures. Debentures are normally secured/ charged against the asset of the company in favour of debenture holder.

(k) *Bond:* A negotiable certificate evidencing indebtedness. It is normally unsecured. A debt security is generally issued by a company, municipality or government agency. A bond investor lends money to the issuer and in exchange, the issuer promises to repay the loan amount on a specified maturity date. The issuer usually pays the bond holder periodic interest payments over the life of the loan. The various types of Bonds are as follows-

(i) *Zero Coupon Bond*: Bond issued at a discount and repaid at a face value. No periodic interest is paid. The difference between the issue price and redemption price represents the return to the holder. The buyer of these bonds receives only one payment, at the maturity of the bond.

(ii) *Convertible Bond:* A bond giving the investor the option to convert the bond into equity at a fixed conversion price.

(iii) *Commercial Paper:* A short term promise to repay a fixed amount that is placed on the market either directly or through a specialized intermediary. It is usually issued by companies with a high credit standing in the form of a promissory note redeemable at par to the holder on maturity and therefore, doesn't require any guarantee. Commercial paper is a money market instrument issued normally for a tenure of 90 days.

(iv) *Treasury Bills:* Short-term (up to 91 days) bearer discount security issued by the Government as a means of financing its cash requirements.

7. What are the regulatory requirements specified by SEBI for corporate debt securities?

The issue of debt securities having maturity period of more than 365 days by listed companies (i.e. which have any of their securities, either equity or debt, offered through an offer document, and listed on a recognized stock exchange and also includes Public Sector Undertakings whose securities are listed on a recognized stock exchange) on private placement basis must comply with the conditions prescribed by SEBI from time to time for getting them listed on the stock exchanges. Further, unlisted companies/statutory corporations/other entities, if they so desire, may get their privately placed debt securities listed on the stock exchanges, by complying with the relevant conditions. Briefly, these conditions are: -

Compliance with disclosure requirements under Chapter VI of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, Listing Agreement with the exchanges and provisions of the Companies Act.

(a) Such disclosures may be made through the web site of the stock exchanges where the debt securities are sought to be listed if the privately placed debt securities are issued in the standard denomination of Rs. 10 lakhs.

(b) The company shall sign a separate listing agreement with the exchange in respect of debt securities.

(c) The debt securities shall carry a credit rating from a Credit Rating Agency registered with SEBI.

(d) The company shall appoint a debenture trustee registered with SEBI in respect of the issue of the debt securities.
(e) The debt securities shall be issued and traded in demat form.
(f) All trades with the exception of spot transactions, in a listed debt security, shall be executed only on the trading platform of a stock exchange.

8. Whom should I contact for my Stock Market related transactions?

You can contact a broker or a sub broker registered with SEBI for carrying out your transactions pertaining to the capital market.

9. Who is a broker?

A broker is a member of a recognized stock exchange, who is permitted to do trades on the screen-based trading system of different stock exchanges. He is enrolled as a member with the concerned exchange and is registered with SEBI.

10. Who is a sub broker?

A sub broker is a person who is registered with SEBI as such and is affiliated to a member of a recognized stock exchange.

11. How do I know if the broker or sub broker is registered?

You can confirm it by verifying the registration certificate issued by SEBI. A broker's registration number begins with the letters "INB" and that of a sub broker with the letters “INS". For the brokers of derivatives segment, the registration number begins with the letters “INF”. There is no sub-broker in the derivatives segment.

12. Am I required to sign any agreement with the broker or sub-broker?

Yes. For the purpose of engaging a broker to execute trades on your behalf from time to time and furnish details relating to yourself for enabling the broker to maintain client registration form you have to sign the “Member - Client agreement” if you are dealing directly with a broker. In case you are dealing through a sub-broker then you have to sign a ”Broker - Sub broker - Client Tripartite Agreement”. The Model Agreement between Broker-Client / Broker -Sub Broker - Client and Know your Client Form can be viewed from SEBI Website at www.sebi.gov.in. Model Tripartite Agreement between Broker-Sub broker and Clients is applicable only for the cash segment. The Model Agreement has to be executed on the non-judicial stamp paper. The Agreement contains clauses defining the rights and responsibility of Client vis-à-vis broker/ sub broker. The documents prescribed are model formats. The stock exchanges/stock broker may incorporate any additional clauses in these documents provided these are not in conflict with any of the clauses in the model document, as also the Rules, Regulations, Articles, Byelaws, circulars, directives and guidelines.

13. What is Member –Client Agreement Form?

This form is an agreement entered between client and broker in the presence of witness where the client agrees (is desirous) to trade/invest in the securities listed on the concerned Exchange through the broker after being satisfied of brokers capabilities to deal in securities. The member, on the other hand agrees to be satisfied by the genuineness and financial soundness of the client and making client aware of his (broker’s) liability for the business to be conducted.

14. What kind of details do I have to provide in Client Registration form?

The brokers have to maintain a database of their clients, for which you have to fill client registration form. In case of individual client registration, you have to broadly provide following information:

(a) Your name, date of birth, photograph, address, educational qualifications, occupation, residential status (Resident Indian/ NRI/others)
(b) Unique Identification Number (wherever applicable)
(c) Bank and depository account details.
(d) Income tax No. (PAN/GIR) which also serves as unique client code.
(e) If you are registered with any other broker, then the name of broker and concerned Stock exchange and Client Code Number.

(f) Proof of identity submitted either as MAPIN UID Card/Pan No./Passport/Voter ID/Driving license/Photo Identity card issued by Employer registered under MAPIN
(g) For proof of address (any one of the following):
  (1) Passport
  (2) Voter ID
  (3) Driving license
  (4) Bank Passbook
  (5) Rent Agreement
  (6) Ration Card
  (7) Flat Maintenance Bill
  (8) Telephone Bill
  (9) Electricity Bill
  (10) Certificate issued by employer registered under MAPIN
  (11) Insurance Policy

Each client has to use one registration form. In case of joint names /family members, a separate form has to be submitted for each person.

In case of Corporate Client, following information has to be provided:

(a) Name, address of the Company/Firm
(b) Unique Identification Number (wherever applicable)
(c) Date of incorporation and date of commencement of business.
(d) Registration number(with ROC, SEBI or any government authority)
(e) Details of PAN Account Number:
(f) Details of Promoters/Partners/Key managerial Personnel of the Company/Firm in specified format.
(g) Bank and Depository Account Details
(h) Copies of the balance sheet for the last 2 financial years (copies of annual balance sheet to be submitted every year)
(i) Copy of latest share holding pattern including list of all those holding more than 5% in the share capital of the company, duly certified by the Company Secretary / Whole time Director/MD. (copy of updated shareholding pattern to be submitted every year)
(j) Copies of the Memorandum and Articles of Association in case of a company / body incorporate / partnership deed in case of a partnership firm
(k) Copy of the Resolution of board of directors' approving participation in equity/derivatives/debt trading and naming authorized persons for dealing in securities.
(l) Photographs of Partners/Whole time directors, individual promoters holding 5% or more, either directly or indirectly, in the shareholding of the company and of persons authorized to deal in securities.
(m) If registered with any other broker, then the name of broker and concerned Stock exchange and Client Code Number.

15. What is meant by Unique Client Code?

In order to facilitate maintaining database of their clients, it is mandatory for all brokers to use unique client code which will act as an exclusive identification for the client. For this purpose, PAN number/passport number/driving License/voters ID number/ration card number coupled with the frequently used bank account number and the depository beneficiary account can be used for identification, in the given order, based on availability.

16. What is MAPIN?

MAPIN is the Market Participants and Investors Integrated Database. The SEBI (Central Database of Market Participants) Regulations, 2003 were notified on November 20, 2003. As per these regulations, all the participants in the Indian Securities Market viz., SEBI registered intermediaries, listed companies and their associates and the investors would need to get registered and obtain a Unique Identification Number (UIN). The system for allotment of UIN involves the use of biometric impressions for natural persons.

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The major objective is creation of a comprehensive database of market participants. Once created, the database would not only help the regulator in establishing the identity of person(s) who have taken large exposures in the market and/or who are trading through a large number of different brokers but also enable the regulator to take adequate risk containment measures such as imposition of margins, trading or exposure limits etc., depending upon the exposures of various investors. Hence, in the event of a failure of market integrity, an immediate audit trail would be possible and the regulator would be able to take early preventive and / or remedial measures and track down the defaulters and / or manipulators.

It has been decided to suspend all fresh registrations for obtaining UIN and the requirement to obtain/quote UIN under the MAPIN Regulations/Circulars with effect from July 01, 2005.

17. What is a risk disclosure document?

In order to acquaint the investors in the markets of the various risks involved in trading in the stock market, the members of the exchange have been required to sign a risk disclosure document with their clients, informing them of the various risks like risk of volatility, risks of lower liquidity, risks of higher spreads, risks of new announcements, risks of rumours etc.

18. How do I place my orders with the broker or sub broker?

You can either go to the broker's /sub broker's office or place an order over the phone /internet or as defined in the Model Agreement given above.

19. How do I know whether my order is placed?

The Stock Exchanges assign a Unique Order Code Number to each transaction, which is intimated by broker to his client and once the order is executed, this order code number is printed on the contract note. The broker member has also to maintain the record of time when the client has placed order and reflect the same in the contract note along with the time of execution of the order.

20. What documents should be obtained from broker on execution of trade?

You have to ensure receipt of the following documents for any trade executed on the Exchange:

(a) Contract note in Form A to be given within stipulated time.

(b) In the case of electronic issuance of contract notes by the brokers, the clients shall ensure that the same is digitally signed and in case of inability to view the same, shall communicate the same to the broker, upon which the broker shall ensure that the physical contract note reaches the client within the stipulated time.

It is the contract note that gives rise to contractual rights and obligations of parties of the trade. Hence, you should insist on contract note from stock broker.

21. What details are required to be mentioned on the Contract note issued by the Stock Broker?

A broker has to issue a contract note to clients for all transactions in the form specified by the stock exchange. The contract note inter-alia should have following:

(a) Name, address and SEBI Registration number of the Member broker.
(b) Name of partner /proprietor /Authorised Signatory.
(c) Dealing Office Address/Tel No/Fax no, Code number of the member given by the Exchange.
(d) Unique Identification Number
(e) Contract number, date of issue of contract note, settlement number and time period for settlement.
(f) Constituent (Client) name/Code Number.
(g) Order number and order time corresponding to the trades.
(h) Trade number and Trade time.
(i) Quantity and Kind of Security brought/sold by the client.
(j) Brokerage and Purchase /Sale rate are given separately.
(k) Service tax rates and any other charges levied by the broker.
(l) Securities Transaction Tax (STT) as applicable.
(m) Appropriate stamps have to be affixed on the original contract note or it is mentioned that the consolidated stamp duty is paid.
(n) Signature of the Stock broker/Authorized Signatory.

Contract note provides for the recourse to the system of arbitrators for settlement of disputes arising out of transactions. Only the broker can issue the contract notes.

22. What is the maximum brokerage that a broker/sub broker can charge?

The maximum brokerage that can be charged by a broker has been specified in the Stock Exchange Regulations and hence, it may differ from across various exchanges. As per the BSE & NSE Bye Laws, a broker cannot charge more than 2.5% brokerage from his clients. This maximum brokerage is inclusive of the brokerage charged by the sub-broker. Further, SEBI (Stock brokers and Sub brokers) Regulations, 1992 stipulates that sub broker cannot charge from his clients, a commission which is more than 1.5% of the value mentioned in the respective purchase or sale note.

23. What are the charges that can be levied on the investor by a stock broker/sub broker?

The trading member can charge:

1. Brokerage charged by member broker.
2. Penalties arising on specific default on behalf of client (investor)
3. Service tax as stipulated.
4. Securities Transaction Tax (STT) as applicable.

The brokerage, service tax and STT are indicated separately in the contract note.

24. What is STT?

Securities Transaction Tax (STT) is a tax being levied on all transactions done on the stock exchanges at rates prescribed by the Central Government from time to time. Pursuant to the enactment of the Finance (No.2) Act, 2004, the Government of India notified the Securities Transaction Tax Rules, 2004 and STT came into effect from October 1, 2004.

25. What is an Account Period Settlement?

An account period settlement is a settlement where the trades pertaining to a period stretching over more than one day are settled. For example, trades for the period Monday to Friday are settled together. The obligations for the account period are settled on a net basis. Account period settlement has been discontinued since January 1, 2002, pursuant to SEBI directives.

26. What is a Rolling Settlement?

In a Rolling Settlement trades executed during the day are settled based on the net obligations for the day. Presently the trades pertaining to the rolling settlement are settled on a T+2 day basis where T stands for the trade day. Hence, trades executed on a Monday are typically settled on the following Wednesday (considering 2 working days from the trade day). The funds and securities pay-in and pay-out are carried out on T+2 day.

27. What is the pay-in day and pay- out day?

Pay in day is the day when the brokers shall make payment or delivery of securities to the exchange. Pay out day is the day when the exchange makes payment or delivery of securities to the broker. Settlement cycle is on T+2 rolling settlement basis w.e.f. April 01, 2003. The exchanges have to ensure that the pay out of funds and securities to the clients is done by the broker within 24 hours of the payout. The Exchanges will have to issue press release immediately after pay out.

28. What are the prescribed pay-in and pay-out days for funds and securities for Normal Settlement?

The pay-in and pay-out days for funds and securities are prescribed as per the Settlement Cycle. A typical Settlement Cycle of Normal Settlement is given below:

	Activity	Day
Trading	Rolling Settlement Trading	T
Clearing	Custodial Confirmation	T+1 working days
	Delivery Generation	T+1 working days
Settlement	Securities and Funds pay in	T+2 working days
	Securities and Funds pay out	T+2 working days
Post Settlement	Valuation Debit	T+2 working days
	Auction	T+3 working days

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	Bad Delivery Reporting	T+4 working days
	Auction settlement	T+5 working days
	Close out	T+5 working days
	Rectified bad delivery pay-in and pay-out	T+6 working days
	Re-bad delivery reporting and pickup	T+8 working days
	Close out of re-bad delivery	T+9 working days

Note: The above is a typical settlement cycle for normal (regular) market segment. The days prescribed for the above activities may change in case of factors like holidays, bank closing etc. You may refer to scheduled dates of pay-in/pay-out notified by the Exchange for each settlement from time-to-time.

29. In case of purchase of shares, when do I make payment to the broker?

The payment for the shares purchased is required to be done prior to the pay in date for the relevant settlement or as otherwise provided in the Rules and Regulations of the Exchange.

30. In case of sale of shares, when should the shares be given to the broker?

The delivery of shares has to be done prior to the pay in date for the relevant settlement or as otherwise provided in the Rules and Regulations of the Exchange and agreed with the broker/sub broker in writing.

31. How long it takes to receive my money for a sale transaction and my shares for a buy transaction?

Brokers were required to make payment or give delivery within two working days of the pay - out day. However, as settlement cycle has been reduced fromT+3 rolling settlement to T+2 w.e.f. April 01, 2003, the pay out of funds and securities to the clients by the broker will be within 24 hours of the payout.

32. Is there any provision where I can get faster delivery of shares in my account?

The investors/clients can get direct delivery of shares in their beneficiary accounts. To avail this facility, you have to give details of your beneficiary account and the DP-ID of your DP to your broker along with the Standing Instructions for 'Delivery-In' to your Depository Participant for accepting shares in your beneficiary account. Given these details, the Clearing Corporation/Clearing House shall send pay out instructions to the depositories so that you receive pay out of securities directly into your beneficiary account.

33. What is an Auction?

The Exchange purchases the requisite quantity in the Auction Market and gives them to the buying trading member. The shortages are met through auction process and the difference in price indicated in contract note and price received through auction is paid by member to the Exchange, which is then liable to be recovered from the client.

34. What happens if the shares are not bought in the auction?

If the shares could not be bought in the auction i.e. if shares are not offered for sale in the auction, the transactions are closed out as per SEBI guidelines.

The guidelines stipulate that "the close out Price will be the highest price recorded in that scrip on the exchange in the settlement in which the concerned contract was entered into and upto the date of auction/close out OR 20% above the official closing price on the exchange on the day on which auction offers are called for (and in the event of there being no such closing price on that day, then the official closing price on the immediately preceding trading day on which there was an official closing price), whichever is higher.

Since in the rolling settlement the auction and the close out takes place during trading hours, the reference price in the rolling settlement for close out procedures would be taken as the previous day's closing price.

35. What is Margin Trading Facility?

Margin Trading is trading with borrowed funds/securities. It is essentially a leveraging mechanism which enables investors to take exposure in the market over and above what is possible with their own

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resources. SEBI has been prescribing eligibility conditions and procedural details for allowing the Margin Trading Facility from time to time.

Corporate brokers with net worth of at least Rs 3 crore are eligible for providing Margin trading facility to their clients subject to their entering into an agreement to that effect. Before providing margin trading facility to a client, the member and the client have been mandated to sign an agreement for this purpose in the format specified by SEBI. It has also been specified that the client shall not avail the facility from more than one broker at any time.

The facility of margin trading is available for Group 1 securities and those securities which are offered in the initial public offers and meet the conditions for inclusion in the derivatives segment of the stock exchanges.

For providing the margin trading facility, a broker may use his own funds or borrow from scheduled commercial banks or NBFCs regulated by the RBI. A broker is not allowed to borrow funds from any other source.

The "total exposure" of the broker towards the margin trading facility should not exceed the borrowed funds and 50 per cent of his "net worth". While providing the margin trading facility, the broker has to ensure that the exposure to a single client does not exceed 10 per cent of the "total exposure" of the broker.

Initial margin has been prescribed as 50% and the maintenance margin has been prescribed as 40%.

In addition, a broker has to disclose to the stock exchange details on gross exposure including name of the client, unique identification number under the SEBI (Central Database of Market Participants) Regulations, 2003, and name of the scrip.

If the broker has borrowed funds for the purpose of providing margin trading facility, the name of the lender and amount borrowed should be disclosed latest by the next day.

The stock exchange, in turn, has to disclose the scrip-wise gross outstanding in margin accounts with all brokers to the market. Such disclosure regarding margin-trading done on any day shall be made available after the trading hours on the following day.

The arbitration mechanism of the exchange would not be available for settlement of disputes, if any, between the client and broker, arising out of the margin trading facility. However, all transactions done on the exchange, whether normal or through margin trading facility, shall be covered under the arbitration mechanism of the exchange.

36. What is the SEBI Risk Management System?

The primary focus of risk management by SEBI has been to address the market risks, operational risks and systemic risks. To this effect, SEBI has been continuously reviewing its policies and drafting risk management policies to mitigate these risks, thereby enhancing the level of investor protection and catalyzing market development. The key risk management measures initiated by SEBI include:-

(a) Categorization of securities into groups 1, 2 and 3 for imposition of margins based on their liquidity and volatility.
(b) VaR based margining system.
(c) Specification of mark to Market margins
(d) Specification of Intra-day trading limits and Gross Exposure Limits
(e) Real time monitoring of the Intra-day trading limits and Gross Exposure Limits by the Stock Exchanges
(f) Specification of time limits of payment of margins
(g) Collection of margins on T+1 basis
(h) Index based market wide circuit breakers
(i) Automatic de-activation of trading terminals in case of breach of exposure limits
(j) VaR based margining system has been put in place based on the categorization of stocks based on the liquidity of stocks depending on its impact cost and volatility. It addresses 99% of the risks in the market.
(k) Additional margins have also been specified to address the balance 1% cases.

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SEBI issued a circular modifying the above mentioned present risk management framework to move to upfront collection of VaR margins (instead of margin collection on T+1 basis). The entire details of the new framework which was made effective from May 30, 2005 is given in SEBI Circular MRD/DoP/SE/Cir-07/2005 dated February 23, 2005. In the revised framework the liquid assets deposited by the broker with the exchange should be sufficient to cover upfront VaR margins, Extreme Loss Margin, MTM (Mark to Market Losses) and the prescribed BMC. The Mark to Market margin would be payable before the start of the next day's trading. The Margin would be calculated based on gross open position of the member. The gross open position for this purpose would mean the gross of all net positions across all the clients of a member including his proprietary position. The exchanges would monitor the position of the brokers online real time basis and there would be automatic deactivation of terminal on any shortfall of margin.

37. What is "Securities Lending Scheme"?

Securities Lending and Borrowing is a scheme which enables lending of idle securities by the investors to the clearing corporation and earning a return through the same. For securities borrowing and lending system, clearing corporations of the stock exchange would be the nodal agency and be registered as the "Approved Intermediaries"(AIs). The clearing corporation can borrow, on behalf of the members, securities for the purpose of meeting shortfalls. The defaulter selling broker may make the delivery within the period specified by the clearing corporation. In the event of the defaulted selling broker failing to make the delivery within the specified period, the clearing corporation has to buy the securities from the open market and return the same to the lender within seven trading days. In case of an inability to purchase the securities from the market, the transaction shall be closed out.

38. What happens if I do not get my money or share on the due date?

In case a broker fails to deliver the securities or make payment on time, or if you have complaint against conduct of the stock broker, you can file a complaint with the respective stock exchange. The exchange is required to resolve all the complaints. To resolve the dispute, the complainant can also resort to arbitration as provided on the reverse of contract note /purchase or sale note. However, if the complaint is not addressed by the Stock Exchanges or is unduly delayed, then the complaints along with supporting documents may be forwarded to Secondary Market Department of SEBI. Your complaint would be followed up with the exchanges for expeditious redressal.

In case of complaint against a sub broker, the complaint may be forwarded to the concerned broker with whom the sub broker is affiliated for redressal.

39. What recourses are available to me for redressing my grievances?

You have following recourses available:

(a) *Office of Investor Assistance and Education (OIAE):* You can lodge a complaint with OIAE Department of SEBI against companies for delay, non-receipt of shares, refund orders, etc., and with Stock Exchanges against brokers on certain trade disputes or non receipt of payment/securities.
(b) *Arbitration:* If no amicable settlement could be reached, then you can make application for reference to Arbitration under the Bye Laws of concerned Stock Exchange.
(c) Court of Law

40. What is Arbitration?

Arbitration is an alternative dispute resolution mechanism provided by a stock exchange for resolving disputes between the trading members and their clients in respect of trades done on the exchange.

41. What is the process for preferring arbitration?

The byelaws of the exchange provide the procedure for Arbitration. You can procure a form for filing arbitration from the concerned stock exchange. The arbitral tribunal has to make the arbitral award within 3 months from the date of entering upon the reference. The time taken to make an award cannot be extended beyond a maximum period of 6 months from the date of entering upon the reference.

42. Who appoints the arbitrators?

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Every exchange maintains a panel of arbitrators. Investors may choose the arbitrator of their choice from the panel. The broker also has an option to choose an arbitrator. The name(s) would be forwarded to the member for acceptance. In case of disagreement, the exchange shall decide upon the name of arbitrators.

43. What happens if I am aggrieved by the award of the arbitrator?

In case you are aggrieved by the arbitration award, you can take recourse to the appeal provisions as given in the bye-laws of the Exchange.

44. What is Investor Protection Fund (IPF)/ Customer Protection Fund (CPF) at Stock Exchanges?

Investor Protection Fund is the fund set up by the Stock Exchanges to meet the legitimate investment claims of the clients of the defaulting members that are not of speculative nature. SEBI has prescribed guidelines for utilisation of IPF at the Stock Exchanges. The Stock Exchanges have been permitted to fix suitable compensation limits, in consultation with the IPF/CPF Trust. It has been provided that the amount of compensation available against a single claim of an investor arising out of default by a member broker of a Stock Exchange shall not be less than Rs. 1 lakh in case of major Stock Exchanges viz., BSE and NSE, and Rs. 50,000/- in case of other Stock Exchanges.

45. What is BSE Indo*Next*?

Regional stock exchanges (RSEs) have registered negligible business during the last few years and thus small and medium-sized companies (SMEs) listed there find it difficult to raise fresh resources in the absence of price discovery of their securities in the secondary market. As a result, investors also do not find exit opportunity in case of such companies.

BSE Indo*Next* has been formed to benefit such small and medium size companies (SMEs), the investors in these companies and capital markets at large. It has been set up as a separate trading platform under the present BSE Online Trading (BOLT) system of the BSE. It is a joint initiative of BSE and the Federation of Indian Stock Exchanges (FISE) of which 18 regional stock exchanges (RSEs) are members.

46. What is the traditional structure of the stock exchanges in India?

There are 22 recognised stock exchanges in India. Mangalore Stock Exchange was refused renewal of recognition vide SEBI order dated August 31, 2004.

In terms of legal structure, the stock exchanges in India could be segregated into two broad groups – 19 stock exchanges which were set up as companies, either limited by guarantees or by shares, and the 3 stock exchanges which were associations of persons (AOP) viz. BSE, ASE and Madhya Pradesh Stock Exchange. The 19 stock exchanges which have been functioning as companies include: the stock exchanges of Bangalore, Bhubaneswar, Calcutta, Cochin, Coimbatore, Delhi, Gauhati, Hyderabad, Interconnected SE, Jaipur, Ludhiana, Madras, Magadh, NSE, Pune, OTCEI, Saurashtra-Kutch, Uttar Pradesh, and Vadodara. Apart from NSE, all stock exchanges whether established as corporate bodies or Association of Persons (AOPs), were non-profit making organizations.

47. What is meant by corporatisation of stock exchanges?

Corporatisation is the process of converting the organizational structure of the stock exchange from a non-corporate structure to a corporate structure.

Traditionally, some of the stock exchanges in India were established as "Association of persons", e.g. the Stock Exchange, Mumbai (BSE), Ahmedabad Stock Exchange (ASE) and Madhya Pradesh Stock Exchange (MPSE). Corporatisation of such exchanges is the process of converting them into incorporated Companies.

48. What is demutualisation of stock exchanges?

Demutualisation refers to the transition process of an exchange from a "mutually-owned" association to a company "owned by shareholders". In other words, transforming the legal structure of an exchange from a mutual form to a business corporation form is referred to as demutualisation. The above, in effect means that after demutualisation, the ownership, the management and the trading rights at the exchange are segregated from one another.

49. How is a demutualised exchange different from a mutual exchange?

In a mutual exchange, the three functions of ownership, management and trading are intervened into a single Group. Here, the broker members of the exchange are both the owners and the traders on the

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exchange and they further manage the exchange as well. A demutualised exchange, on the other hand, has all these three functions clearly segregated, i.e. the ownership, management and trading are in separate hands.

50. Currently are there any demutualised stock exchanges in India?

Currently, two stock exchanges in India, the National Stock Exchange (NSE) and Over the Counter Exchange of India (OTCEI) are not only corporatised but also demutualised with segregation of ownership and trading rights of members.

The Corporatisation and Demutualisation Schemes of 19 stock exchanges (other than NSE, OTCEI, Mangalore Stock Exchange and Coimbatore Stock exchange) have been notified by SEBI and are at various stages of implementation.

51. What are the relevant rules and regulations and where can I find them?

You can browse through the "Legal Framework" section on the SEBI website http://www.sebi.gov.in/Index.jsp?contentDisp=Section&sec_id=1 for complete information relating to acts, rules, regulations, circulars, and guidelines relating to securities market.

Chapter 2

Electronic Data Information Filing and Retrieval System

Synopsis

1. What is EDIFAR?

EDIFAR is Electronic Data Information Filing and Retrieval system. Securities and Exchange Board of India (SEBI) in association with National Informatics Center (NIC) has set up the EDIFAR website to facilitate filing of certain documents/statements by the listed companies on line on the web site. This would involve electronic filing of information in a standard format by the companies. This system will have several benefits by way of dissemination of information to various classes of market participants like investors, regulatory organisation, research institutions, etc., This would also be useful to the companies and the stock exchanges.

2. Requirements under the Listing Agreement

Clause 51 of the Listing agreement provides that every listed company shall file the following information, statements and reports on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC), on-line, in such manner and format and within such time as may be specified by SEBI:—

(*a*) Full version of annual report including the balance sheet, profit and loss account, director's report and auditor's report, cash flow statements, half yearly financial statements quarterly financial statements.

(*b*) Corporate governance report.

(*c*) Shareholding pattern statement.

(*d*) Statement of action taken against the company by any regulatory agency.

(*e*) Such other statement, information or report as may be specified by SEBI from time to time in this regard.

Provided that the requirement of this clause shall be in addition to and not in derogation from the requirements of other clauses of this listing agreement, which may require filing of any statements, reports and information in the physical or other form with the exchange.

2.1 Appointment of Compliance Officer

The company shall appoint compliance officer who shall be responsible for filing the above information in the EDIFAR system. The compliance officer and the company shall ensure the correctness and authenticity of the information filed in the system and that it is in conformity with applicable laws and terms of the listing agreement.

2.2 Disclaimer Clause

While filing the information in the EDIFAR system, the company shall make the following disclaimer clause:

'The information furnished above is certified by [company's name] to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges or the NIC do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it."

The name of the compliance officer with his designation and the company's name shall be displayed immediately below the disclaimer clause.

3. Electronic filing/Submission of Statements/Documents

Presently the system provides for electronic filing/submission of following statements through web forms:—

(*i*) Quarterly Financial Statements (First, Second, Third and Fourth Quarter) separate for Banking and Non-Banking companies

(*ii*) Annual Financial Statement comprising of balance sheet, profit and loss account and full version of annual report;

(*iii*) Half yearly financial statements including cash flow statements;

(iv) Corporate Governance Report

(*v*) Action taken against company

(*vi*) Shareholding Pattern

(*vii*) Segment Results.

Initially the electronic submission would run in parallel with the physical submission. After stablisation of the system, physical submission may be dispensed with, from the date to be decided by SEBI.

4. Prosecution and penalty in case of failure in Electronic filing/Submission of Statements/Documents

The SEBI has taken a very serious view in case of default committed under the Clause 51 of the listing agreement and this cases being handed over to the Adjudication Office of the SEBI, who has already started hearing of the companies and imposing penalties

4.1 Filing of physical information and data to the stock exchange is not sufficient

In the case of *Jenson & Nicholson (India) Ltd*., it was stated that the company delayed for two years to upload the information on the EDIFAR mainly due to the circumstances beyond the control of the management. However, the company has submitted the financial information in physical form to the Stock Exchanges. It was held that the information as specified in Clause 51 of the Listing Agreement is of immense importance, as it would help the investors to have information on the company and its management and also to have information on the functioning of the company. From the facts as stated in the case it was established that there was non-compliance of Clause 51 of the Listing Agreement with respect to uploading of information on EDIFAR website and was held liable to be penalized. In respect of the said contravention, a penalty of Rs. 10,000 was imposed on the Company. [Order No. Adj/Kol/37/04 File No. EDIFAR/37/2004 dated 24th Dec., 2004]

4.2 Lack of understanding of the system is not aground for non-compliance

The company complied with the EDFAR requirement at part, however, due to introduction of the concept for the first time, there was few delays in the initial period due to lack of understanding of the subject. There were minor delays in filing of the documents under EDIFAR. Under clause 51 of the Listing Agreement the company was required to upload the financial statements/documents with effect from quarter ended September 2002 in the EDIFAR website. However, there was non-compliance of Clause 51 of the Listing Agreement with respect to uploading of information on EDIFAR website. The Adjudicating Officer considered the contentions of the company that the violation was mainly due to lack of understanding of the subject/concept which was introduced for the first time and loss of most of its technically & legally experienced employees due to which problems creep in course of time to comply with certain formalities. Penalty of Rs. 15,000 was imposed on the company. [*LCC Infotech Ltd*. Order No. Adj/ Kol/36/04 File No. EDIFAR/36/2004 dated 29th Nov., 2004].

5. Grounds may be considered in case of non-compliance with EDIFAR

(*i*) Sincere efforts made by the company for EDIFAR registration and to comply with the Clause 51 of the Listing Agreement is a valid ground for non-imposing of penalty. [*Adjudicating Officer vs. BITS Ltd,* Order dt.1st Dec., 2004];

(*ii*) Introduction of the concept for the first time, there might be few delays in the initial period due to lack of understanding of the subject are a valid ground for reducing the penalty. [*Adjudicating Officer vs. LCC Infotech Ltd*., Order dt.29th Nov., 2004];

(*iii*) Acceptance of "minor" delay in filing of documents under EDIFAR. [*Adjudicating Officer vs. LCC Infotech Ltd.*, Order dt.29th Nov., 2004];

(*iv*) Submission of the financial information in physical form to the stock exchanges and thereafter in electronic form during the hearing. [*Jenson & Nicholson (I) Ltd*. Order No. Adj/Kol/37/04 File No. EDIFAR/37/2004 dt. 24th Dec., 2004].

6. How to access the EDIFAR?

A link to EDIFAR is available on the SEBI website www.sebi.gov.in and can be access directly through www.sebiedifar.nic.in

7. How to register on the EDIFAR website?

In order to use the EDIFAR system to file statements/documents a company needs to register itself in the system. A downloadable registration form is provided on the site. This form needs to be filled up and submitted by company to BSE/NSE where it is listed. If it is listed on both, then the form can be submitted to either BSE or NSE. After due authentication by stock exchange, the form would be sent to NIC. On receipt of the form, a user id and password would be created and the company intimated about it. Once registered, the company can submit the statements/documents using the system.

General users do not need to register to view the statements/documents on the website.

8. Time limit for submission of data on EDIFAR

The time limits for submission of various statements as per Listing Agreement are as follows:—

Sr. No.	*Statements/Documents*	*Time limit as per Listing agreement*
1.	Quarterly Un-audited Financial Statements	Within one month from the end of quarter (Quarter means 3 months only) to the Stock Exchange.
2.	Annual Audited Statements	3 months from the end of the quarter.
3.	Shareholding Pattern	Quarterly basis within 21 days of end of the quarter.
4.	Segment Result	Within one month from the end of quarter to be filed along with (1).
5.	Annual Report (.pdf)	6 months from the end of the quarter.

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9. Instructions for ED1FAR

In order to facilitate submission of statements/documents and reporting any problems, following approach should be followed:—

1. The EDIFAR site is accessible by following a hyperlink on the sebi web site *viz.* sebi.gov.in
2. User Id assigned can not be changed. However, password can be changed at after logging into the system by following members hyperlink. Infact, it is suggested that the password be changed at on receipt of the mail. Password should be a combination of letters and numerals (maximum 10 characters). Password should be chosen in such a manner that it is not easily guessable. Also password should be kept confidential.
3. The data in respect of quarterly report and segment report should be entered only after completion of Board meeting. However, data for shareholding pattern can be entered whenever it is due.
4. The data is made viewable to the public only after it is confirmed using the Confirm option. If the confirm option is not used, the data is not made available to the public and thus construed as non-compliance. Therefore, after the data is entered, it should be seen/verified properly using Modify option. In case any modifications are required, these can be carried out using Modify option. When correctness of the data has been verified, it should be confirmed through Confirm option. If the data is not confirmed, message indicating the same is displayed in the Members' area.
5. While entering the data, care should be taken that system is used for entering actual data and not test data. Initial setting of the data has been done in such a manner that it enables to enter the data beginning with the quarter for which data is to be submitted electronically. However, after using the entry option once, the quarter advances automatically. Therefore, after using the Entry option, it should not be used for entering the data again. Any rectifications in the data should be done using Modify option only.
6. Internet explorer 4-0 or above should be used on the client system to ensure full compatibility.
7. For reporting any problems (other than password), only Problem reporting option in the member's area should be used. Specific problem details should be clearly mentioned. Problems should not be reported through e-mail/telephone. The same option would also enable to query on the status of the problem and see the action to be taken.
8. Problems relating to misplaced/forgotten passwords should be sent by e-mail to account edifar@hub.nic.in.
9. Problems related to format of the forms would be forwarded to SEBI. As the format is fixed, no change in the format will be carried out without approval of SEBI.

10. How to use the system?

General users can use the web site to query and retrieve data.

Companies need to log into the system to submit the statements/documents. To use the system for submitting the statements/documents a company has to log into the web site by clicking on the Members hyperlink and supplying the user id and password.

11. Salient features of EDIFAR system

(1) Companies are validated using user id and password. Any company, using wrong user id or password is prevented from accessing the system. Provision is also made to enable them to change their password. In case of forgotten passwords, company needs to make a specific request to the system administrator whereupon new password is assigned and communicated to the company.

(2) Depending upon the type of company — banking/non-banking, which is captured while registration of the company, appropriate form is displayed for quarterly financial statement.

(3) A three step process is adopted to ensure accuracy of the data before public dissemination. These include (*a*) Data entry, (*b*) Modification of the entered data, if required, and (*c*) Confirmation. It enables the companies to view the data submitted and carry out corrections, if any, before the data is made available for public dissemination.

(4) After a company logs in the system using its user id and password, a status report indicating documents pending for confirmation is displayed. If no documents are awaiting confirmation, no message is displayed.

(5) It keeps track of last updated period (year and quarter ending month) for each statement type submitted through a web form. This enables auto generation of year and quarter ending month, when a company has to submit any statement through web form. It also enables eliminating errors in data entry, arising out of erroneous selection of year and month.

(6) Validations are provided on the web forms, wherever calculated figures appear. The entered figures are compared against the computed figures and in case of discrepancy; user is alerted by flashing appropriate message. This enables to minimise data entry errors.

(7) In quarterly financial statements, while entering the data for first quarter of the financial year, cumulative data is not required to be entered, thus reducing data entry work. Similarly, data entered for the corresponding period, previous year is fetched and shown on the form. If there is no change in result type from the previously entered data, user is not allowed to change the previous data.

(8) While entering/modifying the data for share holding pattern, percentage of shares is calculated automatically.

(9) In web forms, which comprise of master and details form (quarterly financial statement non-banking companies and share holding pattern), provision is made to preserve master data and avoid its re-entry, in case company is disconnected from the system due to any network problem. Existence of master data is verified and if present, company needs to enter only the detail data.

(10) In general any modification of the data after dissemination to the public is neither desirable nor allowed. However, for genuine requirements, provision is made for further modification of the submitted data, which is already disseminated to public. For this purpose, company needs to make a specific request giving the statement type and period. After receiving the request, permission is granted by system administrator, enabling company to carry out the necessary corrections and confirm. After confirmation, the data is made inaccessible for modification. System maintains a record of any modifications, carried out by company after data is disseminated to the public.

(11) In addition to the data submitted through web forms, companies can submit the other documents in *pdf format*. These documents are viewable in the same format in which submitted. The maximum file size for such documents is restricted to 7 MB.

(12) It is capable of accounting for extended financial year of any company, beyond four quarters due to emergent reasons. For this purpose, company needs to inform the administrator before the end of fourth quarter of its financial year.

(13) For queries, the selection of period is allowed only through a list of periods for which data is available. Therefore, it precludes the possibility of selection of a period for which data is not available.

12. Procedure for modification of data after public dissemination

For carrying out any modifications after the data becomes viewable to the public, company has to make a special request to NIC, indicating the company name, statement type and period. This should be sent through e-mail of the compliance officer specified at the time of registration of the company. After receiving the request, privilege would be given by the administrator to modify the data and the company would be intimated. At this stage the data can be modified and accuracy/correctness of the data can be confirmed as done during initial data entry. After confirmation, data cannot be modified. If need be, once again company would need to intimate NIC as per above procedure.

13. How to search for a particular company on EDIFAR?

The list of companies is available in an alphabetical order. The required company can be chosen from a pull-down menu and then the information available for that company is displayed.

14. Where can user find financial details about a company of his choice?

Financial details namely balance sheet, profit and loss account and full version of annual report half yearly financial statements including cash flow statements and quarterly financial statements would be

Deleted: **Chap. 2** *Electronic Data Information Filing and Retrieval System* 1703 available for the companies. Some of these documents would also be available in *pdf format*. These details can be viewed by clicking on the Quarterly and Annual Financial Statements, Shareholding Pattern, Segment Reports or Documents link on the main page of the website.

15. Can user query the website to obtain information about a chosen company across a specified time period?

Users can use the web site to query and retrieve data. However initially only header queries are available for searching, querying based on information available in the header of a statement *i.e*. the name of the company, type of statement and the year/date of filing of the statements/documents. A user can thus retrieve a particular statement for one company for a particular time period using the user-friendly pull down menus.

16. Can user download/print data from the website?

Certain documents explained above in the Chapter would be submitted in *pdf format* or document format, which can be saved/printed by the user in the same form.

Statements like Quarterly Financial Results, Shareholding pattern statement and Segment reports can be printed using the browser print option.

FAQ ON EDIFAR

1. How do I register on the EDIFAR website?

In order to use the EDIFAR system to file statements/documents a company needs to register itself in the system. A downloadable registration form is provided on the site. This form needs to be filled up and submitted by company to BSE/NSE where it is listed. If it is listed on both, then the form can be submitted to either BSE or NSE. After due authentication by stock exchange, the form would be sent to NIC. On receipt of the form, a user id and password would be created and the company intimated about it. Once registered, the company can submit the statements/documents using the system. General users do not need to register to view the statements/documents on the website.

2. What is EDIFAR?

EDIFAR is Electronic Data Information Filing and Retrieval system. Securities and Exchange Board of India (SEBI) in association with National Informatics Center (NIC) has set up the EDIFAR website to facilitate filing of certain documents/statements by the listed companies on line on the web site. This would involve electronic filing of information in a standard format by the companies. This system will have several benefits by way of dissemination of information to various classes of market participants like investors, regulatory organisation, research institutions etc., This would also be useful to the companies and the stock exchanges. This system is being introduced in a phased manner and would be applicable to 2645 companies.

3. How do I access the EDIFAR?

A link to EDIFAR is available on the SEBI website www.sebi.gov.in and can be access directly through www.sebiedifar.nic.in.

4. What information is available about the listed companies on the EDIFAR website?

The following statements/information would be available on the website.

(*a*) Financial statements comprising of balance sheet, profit and loss account and full version of annual report; half yearly financial statements including cash flow statements and quarterly financial statements.

(*b*) Corporate governance reports

(*c*) Quarterly shareholding pattern statement.

(*d*) Action taken against the company by any regulatory agency.

5. How do I search for a particular company on EDIFAR?

The list of companies is available in an alphabetical order. The required company can be chosen from a pull-down menu and then the information available for that company is displayed.

6. Where can I find financial details about a company of my choice?

Financial details namely balance sheet, profit and loss account and full version of annual report half yearly financial statements including cash flow statements and quarterly financial statements would be available for the companies. Some of these documents would also be available in PDF format. (Also see section on querying). These details can be viewed by clicking on the Quarterly and Annual Financial Statements-Shareholding Pattern-Segment Reports or Documents link on the main page of the website.

7. Can I query the website to obtain information about a chosen company across a specified time period? OR Does the website support query/search features?

Yes. Users can use the web site to query and retrieve data. However initially only header queries are available for searching/querying based on information available in the header of a statement i.e. the name of the company, type of statement and the year/date of filing of the statements/documents. A user can thus retrieve a particular statement for one company for a particular time period using the user-friendly pull down menus.

8. Can I download/print data from the website?

Certain documents would be submitted in PDF format or document format which can be saved/printed by the user in the same form. These documents are:

(*i*) Action taken against company

(*ii*) Annual Report

(*iii*) Cash flow statement

(*iv*) Profit and Loss account

(*v*) Corporate Governance Report

(*vi*) Balance Sheet

(*vii*) Statements like Quarterly Financial Results, Shareholding pattern statement and Segment reports can be printed using the browser print option.

Appendix 1

EDIFAR Registration Form

Company Code (ISIN No.)

Company Name
Year of inception
Stock Exchange Name(s)
(Where registered)
Regional Stock Exchange Name
Company Type Code (for Banking – B, Other than Banking -N)

Begin Year of Current Financial Year	Total Quarters
Begin Month (Jan-Dec)	End Month (Jan-Dec)

PAN No.

Chief Executive Officer	E-mail
Tel. No. with STD code	Fax. No.
Compliance Officer	E-mail*
Tel. No. with STD code	Fax. No.
Address (Head Office)	
Tel. No. with STD code	Fax. No.
Address (Reg. Office)	
Tel. No. with STD code	Fax. No.
URL	

……………………… (Name in full and Block letters), Son/Daughter/Wife of ………………………, solemnly declare that to the best of my knowledge and belief, the information given in this form is correct and complete.

I further declare that I am filling this form in my capacity as …………………. (Designation) and that I am competent to fill this form and verify it.

……………   ………………………

Date   Signature of Applicant and Stamp

Chief Executive Officer

For Stock Exchange Use Only

The above company is listed in ………………………………………… and we hereby declare that all the above information have been verified at our end and are as per our records.

....	....	....	....	....
Name of Authorised	Signatory	Designation	Date	Signature & Stamp

For NIC Use Only

User Id   Password

....

Date created   Signature of Authorized Officer

For EDIFAR related future correspondance, etc.

You are required to fill all the details in the Registration Form and forward the same to BSE alongwith the following documents:

Proof of PAN
Proof of Year of Inception
Latest Annual Report
Proof of appointment of CEO
Proof of appointment of Compliance Officer

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Chapter 3

Delisting of Securities

Synopsis

1. Introduction

As per the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 issued by the Ministry of Finance, Department of Economic Affairs, the company's have been permitted for voluntary delisting of Shares from the Stock Exchange including Regional stock exchange, if it continue to be listed at stock exchanges having nationwide trading terminal like BSE or NSE. (Appendix 1)

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According to the guidelines 'voluntary delisting' means delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any other person other than the stock exchange(s).

2. Applicability of Guidelines

These guidelines shall be applicable to delisting of securities of companies and specifically shall apply to:—

(*a*) voluntary delisting being sought by the promoters of a company;

(*b*) any acquisition of shares of the company (either by a promoter or by any other person) or scheme or arrangement, by whatever name referred to, consequent to which the public shareholding falls below the minimum limit specified in the listing conditions or listing agreement that may result in delisting of securities;

(*c*) promoters of the companies who voluntarily seek to delist their securities from all or some of the stock exchanges;

(*d*) cases where a person in control of the management is seeking to consolidate his holdings in a company, in a manner which would result in the public shareholding in the company falling below the limit specified in the listing conditions or in the listing agreement that may have the effect of company being delisted;

(*e*) companies which may be compulsorily delisted by the stock exchanges.

However, companies are not permitted to use the buy-back provision to delist its securities.

3. Exit opportunity to be given to the investors in case of listing for less then three years

A company, whose securities have been listed for a minimum period of 3 years on any stock exchange, may delist from stock exchange where its securities are listed.

However, an exit opportunity is required to be given to the investors for the purpose of which an exit price shall be determined in accordance with the book building process.

Companies whose securities are continued to be listed on any stock exchange having nation wide trading terminals like Mumbai Stock Exchange or National Stock Exchange is not required to give exit opportunity to its investors.

4. Determination of final price through Book building process

The book building process shall be made through an electronically linked transparent facility.

The promoter shall deposit in an escrow account, 100% of the estimated amount of consideration calculated on the basis of the floor price indicated and the number of securities required to be acquired.

4.1 Minimum time in which will remain open

The offer to buy shall remain open to the security holders for a minimum period of three days. The security holders shall have a right to revise their bids before the closing of the bidding.

4.2 Trading members

The promoter or acquirer shall appoint 'trading members' for placing bids on the on-line electronic system.

The security holders desirous of availing the exit opportunity shall deposit the shares offered with the trading members prior to placement of orders. Alternately they may mark a pledge for the same to the trading member. The trading members in turn may place these securities as margin with the exchanges/clearing corporations.

The offers placed in the system shall have an audit trail in the form of confirmations, which gives broker ID details with time stamp and unique order number.

4.3 Final Offer price

The final offer price shall be determined as the price at which the maximum number of shares has been offered. The acquirer shall have the choice to accept the price. If the price is accepted then the acquirer shall be required to accept all offers upto and including the final price but may not have to accept higher priced offers, subject to clause 15.

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If final price is accepted the acquirer shall have to accept offers up to and including the final price.

In case of partly paid-up securities, the price determined by the book building process shall be applicable to the extent the call has been made and paid.

4.4 Announcement of the final price by the merchant banker

At the end of the book build period the merchant banker to the book building exercise shall announce in the press and to the concerned exchanges the final price and the acceptance (or not) of the price by the acquirer.

4.5 Public announcement of final price by the promoters

On determination of the final price pursuant to the book building, the promoter or the acquirer shall within a period of two working days from such determination:

(*a*) make a public announcement in the newspapers of the final price as discovered by the book building process and whether or not the promoter or the acquirer has accepted the price; and

(*b*) communicate to, exchange or exchanges from which delisting is sought to be made, the final price discovered and whether the promoter has accepted the price.

4.6 Making available of fund on final settlement day

The acquirer shall make the requisite funds available with the exchange/clearing corporation on the final settlement day which shall be three days from the end of the book build period. The trading members shall correspondingly make the shares available. On the settlement day the funds and securities shall be paid out in a process akin to secondary market settlements.

4.7 Opening of offer for members holding shares in physical form

The entire exercise shall only be available for demat shares. For holders of physical certificates the acquirer shall keep the offer open for a period of 15 days from the final settlement day for the shareholders to lodge the certificates with custodian(s) specified by the merchant banker.

5. Procedure to be followed for voluntary delisting of shares

Any promoter or acquirer desirous of delisting securities of the company under the provisions of these guidelines shall:—

(*a*) obtain the prior approval of shareholders of the company by a special resolution passed at its general meeting;

(*b*) make a public announcement in the manner provided in these Guidelines.

(*c*) make an application to the delisting exchange in the form specified by the exchange, annexing therewith a copy of the special resolution passed under sub-clause (*a*); and;

(*d*) comply with such other additional conditions as may be specified by the concerned stock exchanges from where securities are to be delisted.

6. Contents of Public announcement for voluntary delisting

The public announcement shall contain the following information:—

(1) The floor price and how it was reached.

(2) The dates of opening and closing of the bidding.

(3) The name of the exchange or exchanges from which the securities are sought to be delisted.

(4) The names and addresses of the trading members as well as the bidding terminals and centers through which bids can be placed.

(5) Description of the methodology to be adopted for determination of acceptable price.

(6) Period for which the offer shall be valid.

(7) The necessity and the object of the delisting.

(8) A full and complete disclosure of all material facts.

(9) The proposed time table from opening of the offer till the settlement of the transfers.

(10) Details of the escrow account and the amount deposited therein.

(11) Listing details and stock market data:

(*a*) high, low and average market prices of the securities of the company during the preceding three years;

(*b*) monthly high and low prices for the six months preceding the date of the public announcement; and

(*c*) the volume of securities traded in each month during the six months preceding the date of public announcement.

(12) Present capital structure and shareholding pattern.

(13) The likely post-delisting capital structure.

(14) The aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a company and of persons who are in control of the company.

(15) Name of compliance officer of the company.

(16) It should be signed and dated by the promoter.

Before making the public announcement, the promoter shall appoint a merchant banker registered with the Board, who is not an associate of the promoter.

7. Offer Price

The offer price shall have a floor price, which will be the average of 26 weeks traded price quoted on the stock exchange where the shares of the company are most frequently traded preceding 26 week from the date of the public announcement and without any ceiling of maximum price.

In the case of infrequently traded securities the offer price shall be as per regulation 20(5) of the SEBI (Substantial Acquisition and Takeover) Regulations, and the infrequently traded securities shall be determined in the manner explained under regulation 20(5) of the SEBI (Substantial Acquisition and Takeover) Regulations.

In the event of securities being delisted, the acquirer shall allow a further period of 6 months for any of the remaining shareholders to tender securities at the same price.

8. Minimum public shareholding

If the quantity eligible for acquiring securities at the final price offered does not result in public shareholding falling below required level of public holding for continuous listing, the offer shall be considered to have failed and no securities shall be acquired pursuant to such offer and the company shall remain listed.

The paid up share capital shall not be extinguished as in the case of buyback of securities.

9. Non-acceptance of offer price determined by Book Building process by promoters

Where the promoter decides not to accept the offer price determined by book building process he shall not make an application to the exchange for delisting of the securities and the promoter shall ensure that the public shareholding is brought up to the minimum limits specified under the listing conditions within a period of 6 months from the date of such decision, by any of the modes specified as under:—

(*a*) By issue of new shares by the company in compliance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000;

(*b*) By the promoter making an offer for sale of his holdings in compliance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000;

(*c*) By the promoter making sale of his holdings through the secondary market in a transparent manner.

In the event of the promoter not being able to raise the public shareholding with the modes specified above within six months, he shall offer for sale to the public such portion of his holdings as would bring up the public shareholding to the minimum limits specified in the listing agreement or the listing conditions at the price determined by the Central Listing Authority[1].

10. Delisting from one or more stock exchanges including regional stock exchange

When a company, which is listed on any stock exchange or stock exchanges other than the stock exchanges having nationwide trading terminals, seeks delisting, an exit offer shall be made to the shareholders in accordance with these guidelines.

There shall not be any compulsion for the existing company to remain listed on any stock exchange merely because it is a regional stock exchange.

11. Payment of consideration in cash

The promoter or acquirer shall pay the payment of consideration for delisting of securities in cash.

12. Delisting of one or all class of securities

A company may delist one or all of its class of securities. If the equity shares of a company are delisted, the fixed income securities may continue to remain listed on the stock exchange.

However, a company, which has a convertible instrument outstanding shall not be permitted to delist its equity shares till the exercise of the conversion options.

13. Steps to be taken for voluntary delisting of shares following exit opportunity route

According to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, following procedure is to be adopted for getting voluntary delisting of shares from stock exchange, if the shares of the company are not listed with the stock exchange having nationwide trading terminals:—

1. Hold a Board meeting for the following purpose:—
   (*a*) To approve notice for publication in newspapers for opportunity to be given to the members for exit opportunity.
   (*b*) To approve record date for exit opportunity.
   (*c*) To consider the appropriate price for purchase of shares on the basis of highest weighted average price of shares in the last six months in any stock exchange.
   (*d*) To consider the arrangements for buying the shares from the dissenting members.
   (*e*) To approve the letter of offer to be given to all the members residing at the jurisdiction area of the stock exchange from which delisting is proposed.
2. Get approval of the record date from the regional stock exchange and inform to the concerned stock exchanges.
3. Furnish the list of the members who reside in the jurisdiction area of the concerned stock exchange from which delisting is proposed, with their holding details to the concerned stock exchange.
4. Obtain market quotation certificate for last six months from the concerning stock exchange.
5. Furnish clipping of the press release to all the stock exchanges.
6. Furnish details of the financial position, auditor's certificate for fair price offered to the members.
7. Dispatch letter of offer to all the members residing in the jurisdiction of the stock exchange.
8. Complete the buy back deal if any offers received to the company.
9. Pay arrear of listing fees to the stock exchanges.
10. Obtain a certificate from the regional stock exchange to the effect that the company shall remain listed with it.
11. Submit a certificate to the stock exchange that all the formalities relating to the voluntary delisting has been completed.
12. Submit the detailed report to the stock exchange about the buy back, reply to the investors made

[1] SEBI vide Notification No. S.O. (E) dated 02.01.2007 has repealed the SEBI (Central Listing Authority) Regulations, 2003. CLA related amendments yet to be made in SEBI (Delisting of Securities) Guidelines 2003.

for their inquiries and request to issue delisting orders.

The Delisting committee of the stock exchange shall consider the report and shall issue necessary orders. The date of voluntary delisting shall be effective from the date of orders issued by the concerned stock exchange.

14. Steps to be taken for voluntary delisting of shares from stock exchange other than BSE/NSE but including regional stock exchange

As per the SEBI (Delisting of Securities) Guidelines, 2003, all the listed companies are permitted for voluntary delisting of their shares from the stock exchange, without providing exit opportunities, if the company/promoters wishes to continue their company listed with the stock exchange having nation wide network like BSE & NSE.

In terms of the guidelines, following procedure is to be followed for getting the voluntary delisting of shares:—

1. Give a notice of the Board meeting to the stock exchanges, at least 5 days in advance, in which the matter relating to the voluntary delisting of shares is to be considered. (Appendix 2)
2. Communicate decision taken by way of a resolution passed (subject to the approval of members at the next general meeting by way of special resolution) at the meeting for voluntary delisting immediately after the Board meeting for delisting of shares alongwith a copy of the said resolution to the stock exchanges. (Appendix 3 & 4)
3. Approve the notice of the next AGM/EGM alongwith the explanatory statement for seeking approval of the members by way of special resolution and communicate six copies of the notice of the meeting to the stock exchanges.
4. Arrange for holding the general meeting, pass the special resolution and submit a copy of the proceeding of the meeting to the stock exchanges. (Appendix 5)
5. Give notice in the newspaper for voluntary delisting of the shares as per the details prescribed in the guidelines. It should be noted that the newspapers should be approved by the stock exchanges for that purpose. (Appendix 6)
6. File Form 23 with the Registrar of Companies.
7. Obtain a certificate from the Stock Exchange having nation wide terminal for confirmation for continuing of listing (Appendix 7)
8. File Indemnity Bond Cum Affidavit on non-judicial stamp paper duly signed by the Managing Director and affixed Common Seal of the company to each of the stock exchange where the application is being made for delisting of shares/securities of the company. (Appendix 8)
9. Submit application for voluntary delisting of shares to the stock exchanges including regional stock exchange alongwith the proof of the above said compliance and latest shareholding patters with a copy to the BSE/NSE. (Appendix 9)
10. Intimate the decision to the CDSL and NSDL.
11. Pay all the dues of the annual listing fee to the stock exchanges.
12. Promptly comply with the requirements as may be intimated by the concerning stock exchange.
13. Appoint compliance officer for the purpose of delisting of shares and give his name to the stock exchange and in the notice published in the newspapers.
14. Pursue for necessary orders of delisting and after receipt of the same, forward it to the BSE/NSE.

15. Compulsory delisting by stock exchanges

The Stock Exchanges may delist companies, which have been suspended for a minimum period of six months for non-compliance with the Listing Agreement after taking into consideration and following the norms and procedures given in Schedule III of the guidelines. (Refer text of the guidelines given in Appendix 1)

16. Rights of securities holders in case of compulsory delisting

Where the securities of the company are delisted by a stock exchange, the promoter of the company shall be liable to compensate the security holders of the company by paying them the fair value of the securities held by them and acquiring their securities, subject to their option to remain security holders with the company.

17. Delisting pursuant to rights issue

In case of rights issue, allotment to the promoters or the persons in control of the management shall be allowed even if they subscribe to unsubscribed portion, which may result in public shareholding falling below the permissible minimum level.

However, adequate disclosures is required to be made in the offer document to that effect and they shall buy out the remaining holders at the price of rights issue or make an offer for sale to bring the public shareholding at the level specified in the listing conditions or listing agreement to remain listed.

In case the rights issue is not fully subscribed, which may result in the public shareholding falling below the permissible minimum level as specified in the listing condition or listing agreement, the promoter(s) of the company shall be required to delist by providing an exit opportunity or may be required to make offer for sale of their holdings so that the public shareholding is raised to the minimum level specified in the listing agreement or in the listing conditions within a period of 3 months.

18. Reinstatement of delisted securities

Relisting of securities is allowed only after 2 years of delisting of the securities. It would be based on the respective norms/criteria for listing at the time of making the application for listing and the application will be initially scrutinized by the Central Listing Authority[1].

Appendix 1

Text of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003

1. These guidelines shall be called **"Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003".**

2. These guidelines are being issued under section 11(1) of SEBI Act, 1992, read with sub-section (2) of Section 11A of SEBI Act, with the objective to protect the interest of investors in the securities market.

3. Definitions

3.1 In these Guidelines, unless the context otherwise requires:—

(*a*) 'Act' means the Securities and Exchange Board of India Act, 1992;

(*b*) 'Authority' means the Central Listing Authority established under the Securities and Exchange Board of India (Central Listing Authority) Regulations, 2003.

(*c*) 'Board' means the Securities and Exchange Board of India established under section 3 of the Act;

(*d*) 'compulsory delisting' means delisting of the securities of a company by an exchange.

(*e*) 'delisting exchange' means the exchange from which the securities of the company are proposed to be delisted in accordance with these Guidelines;

(*f*) 'exchange' means any stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956;

(*g*) 'promoter' means a promoter as defined in clause (*h*) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers)

[1] SEBI vide Notification No. S.O. (E) dated 02.01.2007 has repealed the SEBI (Central Listing Authority) Regulations, 2003. CLA related amendments yet to be made in SEBI (Delisting of Securities) Guidelines 2003.

Regulation, 1997 and includes a person who is desirous of getting the securities of the company delisted under these Guidelines;

(*h*) 'public shareholding' means the shareholding in a company held by persons other than the promoter, the acquirer or the persons acting in concert with him as defined in regulation 2(1)(*j*) of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulation, 1997 and the term 'public holders of securities' shall be construed accordingly;

(*i*) 'schedule' means a schedule appended to these Guidelines.

(*j*) 'voluntary delisting' means delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any other person other than the stock exchange(s).

3.2 Words and expressions not defined in these Guidelines shall have the same meaning as have been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 1956, or any statutory modification or re-enactment thereof, as the case may be.

4. Applicability

4.1 These guidelines shall be applicable to delisting of securities of companies and specifically shall apply to:—

(*a*) voluntary delisting being sought by the promoters of a company;

(*b*) any acquisition of shares of the company (either by a promoter or by any other person) or scheme or arrangement, by whatever name referred to, consequent to which the public shareholding falls below the minimum limit specified in the listing conditions or listing agreement that may result in delisting of securities;

(*c*) promoters of the companies who voluntarily seek to delist their securities from all or some of the stock exchanges;

(*d*) cases where a person in control of the management is seeking to consolidate his holdings in a company, in a manner which would result in the public shareholding in the company falling below the limit specified in the listing conditions or in the listing agreement that may have the effect of company being delisted;

(*e*) companies which may be compulsorily delisted by the stock exchanges.

4.2 Provided that company shall not be permitted to use the buy-back provision to delist its securities.

5. Delisting of securities (voluntary) of a listed company

5.1 A company may delist from stock exchange where its securities are listed.

Provided that the securities of the company have been listed for a minimum period of 3 years on any stock exchange.

Provided further that an exit opportunity has been given to the investors for the purpose of which an exit price shall be determined in accordance with the "book building process" described in clauses 7-10 and 13 and 14 of these guidelines.

5.2 An exit opportunity need not be given in cases where securities continue to be listed in a stock exchange having nation wide trading terminals.

Explanation.—For the purposes of these guidelines, stock exchange having nationwide trading terminals means the Stock Exchange, Mumbai, the National Stock Exchange and any other stock exchange, which may be specified by the Board.

6. Procedure for voluntary delisting

6.1 Any promoter or acquirer desirous of delisting securities of the company under the provisions of these guidelines shall:—

(*a*) obtain the prior approval of shareholders of the company by a special resolution passed at its general meeting;

(*b*) make a public announcement in the manner provided in these Guidelines.

(*c*) make an application to the delisting exchange in the form specified by the exchange, annexing

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therewith a copy of the special resolution passed under sub-clause (*a*); and;

(*d*) comply with such other additional conditions as may be specified by the concerned stock exchanges from where securities are to be delisted.

7. Public announcement for voluntary delisting

7.1 Before making application for delisting, the promoters or the acquirers of the company shall make a public announcement.

7.2 The public announcement shall contain *inter alia* information specified in Schedule I.

7.3 Before making the public announcement, the promoter shall appoint a merchant banker registered with the Board, who is not an associate of the promoter.

8. Exit price for voluntary delisting of securities

8.1 Any promoter of a company, which desires to delist from the stock exchange shall determine an exit price for delisting of securities in accordance with the book building process described in Schedule II of these guidelines.

8.2 The offer price shall have a floor price, which will be the average of 26 weeks traded price quoted on the stock exchange where the shares of the company are most frequently traded preceding 26 week from the date of the public announcement and without any ceiling of maximum price.

8.3 In the case of infrequently traded securities the offer price shall be as per regulation 20(5) of the SEBI (Substantial Acquisition and Takeover) Regulations, and the infrequently traded securities shall be determined in the manner explained under regulation 20(5) of the SEBI (Substantial Acquisition and Takeover) Regulations.

8.4 The stock exchange(s) shall provide the infrastructure facility for display of the price at the terminals of the trading members to enable the investors to access the price on the screen to bring transparency to the delisting process.

8.5 In the event of securities being delisted, the acquirer shall allow a further period of 6 months for any of the remaining shareholders to tender securities at the same price;

8.6 The stock exchanges shall monitor the possibility of price manipulation and keep under special watch the securities for which announcement for delisting has been made.

8.7 To ascertain the genuineness of physical securities if tendered and to avoid the bad delivery, Registrar and Transfer Agent shall co-operate with the Clearing House/Clearing Corporation to determine the quality of the papers upfront.

8.8 If the quantity eligible for acquiring securities at the final price offered does not result in public shareholding falling below required level of public holding for continuous listing, the company shall remain listed.

8.9 The paid up share capital shall not be extinguished as in the case of buyback of securities;

8.10 In case of partly paid-up securities, the price determined by the book building process shall be applicable to the extent the call has been made and paid.

8.11 The amount of consideration for the tendered and accepted securities shall be settled in cash.

9. Right of promoter

9.1 The promoter may not accept the securities at the offer price determined by the book building process.

9.2 Where the promoter decides not to accept the offer price so determined:—

(*a*) he shall not make an application to the exchange for delisting of the securities; and

(*b*) the promoter shall ensure that the public shareholding is brought up to the minimum limits specified under the listing conditions within a period of 6 months from the date of such decision, by any of the modes specified in sub-clause 9.3.

9.3 For the purposes of sub-clause 9.2(*b*), the public shareholding may be increased by any of the following means:—

(*a*) by issue of new shares by the company in compliance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000;

(*b*) by the promoter making an offer for sale of his holdings in compliance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000;

(*c*) by the promoter making sale of his holdings through the secondary market in a transparent manner.

9.4 In the event of the promoter not being able to raise the public shareholding in accordance with sub-clause 9.3 within six months, he shall offer for sale to the public such portion of his holdings as would bring up the public shareholding to the minimum limits specified in the listing agreement or the listing conditions at the price determined by the Central Listing Authority.

10. Public announcement of final price

10.1 On determination of the final price pursuant to the book building, the promoter or the acquirer shall within a period of two working days from such determination:—

(*a*) make a public announcement in the newspapers of the final price as discovered by the book building process and whether or not the promoter or the acquirer has accepted the price; and

(*b*) communicate to, exchange or exchanges from which delisting is sought to be made, the final price discovered and whether the promoter has accepted the price.

11. Delisting from one or more stock exchanges

11.1 When a company, which is listed on any stock exchange or stock exchanges other than the stock exchanges having nationwide trading terminals, seeks delisting, an exit offer shall be made to the shareholders in accordance with these guidelines.

11.2 There shall not be any compulsion for the existing company to remain listed on any stock exchange merely because it is a regional stock exchange.

12. Minimum number of shares to be acquired

12.1Where the offer for delisting results in acceptance of a fewer number of shares than the total shares outstanding and as a consequence the public shareholding does not fall below the minimum limit specified by the listing conditions or the listing agreement, the offer shall be considered to have failed and no securities shall be acquired pursuant to such offer.

13. Payment of consideration

13.1 The payment of consideration for delisting of securities shall be paid in cash by the promoter or acquirer.

14. Delisting of one or all class of securities

14.1 A company may delist one or all of its class of securities subject to the provisions of this clause.

14.2 If the equity shares of a company are delisted, the fixed income securities may continue to remain listed on the stock exchange.

14.3 A company, which has a convertible instrument outstanding, it shall not be permitted to delist its equity shares till the exercise of the conversion options.

15. Compulsory delisting of companies by Stock Exchanges

15.1 The Stock Exchanges may delist companies, which have been suspended for a minimum period of six months for non-compliance with the Listing Agreement.

15.2 The Stock Exchanges may also delist companies as per the norms provided in Schedule III.

15.3 The Stock Exchange shall give adequate and wide public notice through newspapers (including one English national daily of wide circulation) and through display of the notice on the notice board/website/trading systems of the Exchange.

15.4 The stock exchange shall give a show cause notice to a company or adopt procedure provided under Part B of Schedule III for delisting under sub-clause 15.1 and 15.2.

15.5 The exchange shall provide a time period of 15 days within which representation may be made to the exchange by any person who may be aggrieved by the proposed delisting.

15.6 The stock exchange shall ensure that adequate and wide public notice is given through newspapers and on the notice boards/trading systems of the stock exchanges after the period of show cause is over.

[15.6 The stock exchange may, after consideration of the representations received from aggrieved persons, delist the securities of such companies.

15.6A Where the stock exchange delists the securities of a company, it shall ensure that adequate and wide public notice of the fact of delisting is given through newspapers and on the notice boards/trading systems of the stock exchange and shall ensure disclosure in all such notices of the fair value of such securities determined in accordance with the Explanation to clause 16.1.][1]

15.7 The stock exchange shall display the name of such company on its website.

16. Rights of securities holders in case of compulsory delisting

16.1 Where the securities of the company are delisted by an exchange, the promoter of the company shall be liable to compensate the security-holders of the company by paying them the fair value of the securities held by them and acquiring their securities, subject to their option to remain security-holders with the company.

[*Explanation*: For the purposes of this sub-clause, fair value of securities shall be determined by persons appointed by the stock exchange out of a panel of experts, which shall also be selected by the stock exchange, having regard to the factors mentioned in regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.][2]

16.2 [Omitted][3]

17. Delisting pursuant to rights issue

17.1 In case of rights issue, allotment to the promoters or the persons in control of the management shall be allowed even if they subscribe to unsubscribed portion, which may result in public shareholding falling below the permissible minimum level.

Provided that the adequate disclosures have been made in the offer document to that effect.

Provided further that they agree to buy out the remaining holders at the price of rights issue or make an offer for sale to bring the public shareholding at the level specified in the listing conditions or listing agreement to remain listed.

17.2 In case the rights issue is not fully subscribed, which may result in the public shareholding falling below the permissible minimum level as specified in the listing condition or listing agreement, the promoter(s) of the company shall be required to delist by providing an exit opportunity in the manner specified in clause 17.1 of these guidelines or may be required to make offer for sale of their holdings so that the public shareholding is raised to the minimum level specified in the listing agreement or in the listing conditions within a period of 3 months.

18. Reinstatement of delisted securities

18.1 Reinstatement of delisted securities should be permitted by the stock exchanges with a cooling period of 2 years. In other words, relisting of securities should be allowed only after 2 years of delisting of the securities. It would be based on the respective norms/criteria for listing at the time of making the application for listing and the application will be initially scrutinized by the Central Listing Authority.

Schedule I

[*See* Guideline 7.2]

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1 Inserted *vide* SEBI CRD/DCR/DLT/HB/Cir-1/06 dt. 31.01.2006
2 Inserted *vide* SEBI CRD/DCR/DLT/HB/Cir-1/06 dt. 31.01.2006
3 Clause 16.2 deleted *vide* SEBI CRD/DCR/DLT/HB/Cir-1/06 dt. 31.01.2006

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Contents of the public announcement

(1) The floor price and how it was reached.

(2) The dates of opening and closing of the bidding.

(3) The name of the exchange or exchanges from which the securities are sought to be delisted.

(4) The names and addresses of the trading members as well as the bidding terminals and centres through which bids can be placed.

(5) Description of the methodology to be adopted for determination of acceptable price.

(6) Period for which the offer shall be valid.

(7) The necessity and the object of the delisting.

(8) A full and complete disclosure of all material facts.

(9) The proposed time table from opening of the offer till the settlement of the transfers.

(10) Details of the escrow account and the amount deposited therein.

(11) Listing details and stock market data:—

(*a*) high, low and average market prices of the securities of the company during the preceding three years;

(*b*) monthly high and low prices for the six months preceding the date of the public announcement; and

(*c*) the volume of securities traded in each month during the six months preceding the date of public announcement.

(12) Present capital structure and shareholding pattern.

(13) The likely post-delisting capital structure.

(14) The aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a company and of persons who are in control of the company.

(15) Name of compliance officer of the company.

(16) It should be signed and dated by the promoter.

Schedule II

[*See* Guideline 8.1]

The Book Building Process

1. The book building process shall be made through an electronically linked transparent facility.
2. The number of bidding centres shall not be less than thirty, including all stock exchange centres and there shall be at least one electronically linked computer terminal at all bidding centres.
3. The promoter shall deposit in an escrow account, 100 per cent of the estimated amount of consideration calculated on the basis of the floor price indicated and the number of securities required to be acquired. The provisions of clause 10 of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 shall be applicable *mutatis mutandis* to such escrow account.
4. The offer to buy shall remain open to the security holders for a minimum period of three days. The security holders shall have a right to revise their bids before the closing of the bidding.
5. The promoter or acquirer shall appoint 'trading members' for placing bids on the on-line electronic system.
6. Investors may approach trading members for placing offers on the on-line electronic system. The format of the offer form and the details that it must contain shall be specified.
7. The security holders desirous of availing the exit opportunity shall deposit the shares offered with the trading members prior to placement of orders. Alternately they may mark a pledge for the same to the trading member. The trading members in turn may place these securities as margin with the exchanges/clearing corporations.
8. The offers placed in the system shall have an audit trail in the form of confirmations which gives

broker ID details with time stamp and unique order number.

9. The final offer price shall be determined as the price at which the maximum number of shares has been offered. The acquirer shall have the choice to accept the price. If the price is accepted then the acquirer shall be required to accept all offers upto and including the final price but may not have to accept higher priced offers, subject to clause 15.
10. Floor price Final price (as quantity offered is maximum).

    If final price is accepted the acquirer shall have to accept offers up to and including the final price.
11. At the end of the book build period the merchant banker to the book building exercise shall announce in the press and to the concerned exchanges the final price and the acceptance (or not) of the price by the acquirer.
12. The acquirer shall make the requisite funds available with the exchange/clearing corporation on the final settlement day (which shall be three days from the end of the book build period). The trading members shall correspondingly make the shares available. On the settlement day the funds and securities shall be paid out in a process akin to secondary market settlements.
13. The entire exercise shall only be available for demat shares. For holders of physical certificates the acquirer shall keep the offer open for a period of 15 days from the final settlement day for the shareholders to lodge the certificates with custodian(s) specified by the merchant banker.

Schedule III

[*See* Guideline 17.1]

Norms and procedure for delisting of securities by the Stock Exchanges

A. Norms

1. The percentage of equity capital (floating stock) in the hands of public investors.

   This may be seen with reference to—

   Existing paid-up equity capital

   Market lot

   Share price – very high, medium, low

   Market Capitalisation

   SEBIs Takeover Regulations-Regulation 21(3)

   Clause 40A of the Listing Agreement
2. The minimum trading level of shares of a company on the exchanges. There should be some liquidity in every trading cycle. There should be some volume of trading for price discovery on the market. The company should appoint market makers. Criteria of no-trading may be considered.
3. Financial aspect/Business aspects:

   (*a*) The company should generate reasonable revenue/income/profits. It should be operational/working. It must demonstrate earning power through its financial results, profits, reserves, dividend payout for last 2/3 years.

   (*b*) If there is hardly any public interest in the securities the company then it is for consideration whether its "listed company" label needs to be retained any more.

   (*c*) The company should have some tangible asset. It is for consideration as to what value of assets the company should own in order to be listed continuously listed.
4. Track records of compliance of the Listing Agreement requirements for the past three years:—

   (*i*) Submission of audited/un-audited results, annual report, other documents required to be furnished to the Exchange,

   (*ii*) Book closure Record date with due notice,

   (*iii*) Payment of listing fee,

   (*iv*) Service to investors especially with regard to timely return of shares duly transferred, timely payment of dividend, communication of price sensitive information, etc.

   (*v*) Failure to observe good accounting practices in reporting earnings and financial position,

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(*vi*) Publishing half yearly unaudited/audited results,

(*vii*) Frequent changes in – Accounting year, Share transfer agent, registered office, Name.

5. Promoters' Directors' track record especially with regard to insider trading, manipulation of share prices, unfair market practices (*e.g.* returning of share transfer documents under objection on frivolous grounds with a view to creating scarcity of floating stock, in the market causing unjust aberrations in the share prices, auctions, close-out, etc. (Depending upon the trading position of directors or the firms).
6. If whereabouts of the company, its promoters directors are not available and even the letters sent by the Exchange return undelivered and the company fails top remain in touch with the Exchange.
7. The company has become sick and unable to meet current debt obligations or to adequately finance operations, or has not paid interest on debentures for the last 2-3 years, or has become defunct, or there are no employees, or liquidator appointed, etc.
8. On the basis of the above norms and other relevant information available about the company, its promoters/directors, project, litigations, etc., a profile of the company should be prepared and then a decision on delisting should be taken by an Exchange.

B. Procedure

1. The decision on delisting should be taken by a panel to be constituted by the Exchange comprising the following:—

(*a*) Two directors/officers of the Exchange (one director to be a public representative),

(*b*) One representative of the investors

(*c*) One representative from the Central Government (Department of Company Affairs)/Regional Director/Registrar of Companies

(*d*) Executive Director/Secretary of the Exchange

2. Due notice of delisting and intimation to the company as well as other Stock Exchanges where the company's securities are listed to be given.

3. Notice of termination of the Listing Agreement to be given.

4. An appeal against the order of compulsory delisting may be made to the SEBI.

Appendix 2

Specimen of Letter to be given to Stock Exchanges for holding of Board meeting for voluntary delisting of shares

CAPS/SE/DKJ/2007 Date: ………….

By Hand/Courier

To,

1. The General Manager Fax No.:
   Corporate Relationship Department
   1st Floor, New Trading Ring
   Rotunda Building, P.J. Tower,
   Dalal Street, Fort
   Mumbai - 400001
2. The Secretary
   M.P. Stock Exchange, Indore

Sub: Information for voluntary delisting of shares from the M.P. Stock Exchange

Dear Sir,

With reference to above cited we would like to inform that the Board of directors of the Company at

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their meeting to be held on. ……will consider the matter relating to voluntary delisting of the Equity Shares of the Company from the Stock Exchange Madhya Pradesh in terms of the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

You are requested to please take on record the above said information for your reference and further needful.

Thanking you.

Yours faithfully

For, CAPS LTD

Authorised Signatory

Appendix 3

Specimen of Board resolution for voluntary delisting of shares from Stock exchange including regional stock exchange

The Board considered that the Company's Equity Shares are listed with the Mumbai and Madhya Pradesh Stock Exchanges and there is no trading or negligible trading of equity shares since listing at the Madhya Pradesh Stock Exchange. However, the Company's shares are regularly being traded at the Mumbai Stock Exchange. Therefore, in terms of the SEBI (Delisting of Securities) Guidelines, 2003, announced by the SEBI, the Companies have been permitted for voluntary delisting of shares including from the Regional Stock Exchange, subject to the compliance of the terms and conditions of the said guidelines. The Board further considered that the Mumbai Stock Exchange is having nationwide trading terminals and the investors have access to trade and deal in Company's shares across the country and listing on the Madhya Pradesh Stock Exchange are not providing any significant tangible advantage to the shareholders and investors of the Company and the Company should take effective steps for voluntary delisting of the Company's Equity Shares from the Madhya Pradesh Stock Exchange and continue its listing only with the Stock Exchange Mumbai to avoid unnecessary financial and administrative burden duo to multiple compliance of the various clauses of the Listing Agreement from time to time and to provide better services to the investors through the nationwide Stock Exchange terminal.

After details discussion the Board passed the following resolution unanimously:

RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 for Voluntary Delisting of Shares from the Stock Exchanges, Central Listing Authority and subject to the provisions of the Security Contract and Regulation Act, 1956, Listing Agreement, and any directions or modifications as may be issued by any regulating authority, and subject to the approval by the members by way of special resolution the consent of the Board of directors of the Company be and is hereby accorded to delist the Equity Shares of the Company from the Madhya Pradesh Stock Exchange.

FURTHER RESOLVED THAT Shri RCM, the Chairman and Managing Director and/or Shri AKG, the Executive Director and/or Shri DJ, the Compliance Officer of the Company be and is hereby severally authorised to take effective steps for voluntary delisting of shares from the above said stock exchanges and to accept any terms and conditions as may be imposed by the Stock Exchanges, Central Listing Authority, SEBI or any regulating authorities and to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above said stock exchange and to execute Indemnity Bond/undertaking or any other writings, which they may in their absolute discretion consider necessary, proper or expedient for giving effect to the above said resolution and that the Common Seal of the Company be affixed on any documents as may be required by the Stock Exchanges in presence of Shri RCM, the Chairman and Managing Director and/or Shri AKG, the Executive Director and/or Shri DJ, the Compliance Officer of the Company.

Appendix 4

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Specimen of intimation of decision taken at Board meeting for voluntary delisting of shares to be given to Stock Exchanges

CAPS/SE/DKJ/2007 Date: ………….

By Hand/Courier

To,

1. The General Manager FAX NO.:
   Corporate Relationship Department
   1st Floor, New Trading Ring
   Rotunda Building, P.J. Tower,
   Dalal Street, Fort
   Mumbai - 400001
2. The Secretary
   M.P. Stock Exchange, Indore

Sub: Intimation for the decision taken by the Board for Voluntary Delisting of Shares from the Madhya Pradesh Stock Exchange

This has in reference with our letter No. XXXXXXXX, dated XXXX. We would like to inform that the Board at their meeting held on ……… has considered the Company's Equity Shares are listed with the Mumbai and Madhya Pradesh Stock Exchange and there are no trading or very few trading of equity shares since listing at the M.P. Stock Exchange moreover of there are infrequent trading at the Mumbai Stock Exchange.

After due consideration of all the aspects, it was decided by the Board that in terms of the SEBI (Delisting of Securities) Guidelines, 2003, announced by the SEBI the Company's 36,68,580 Equity Shares of Rs. 10 each be delisted from the Stock Exchange, Madhya Pradesh and the above said share continued be listed with the Mumbai Stock Exchange, having nationwide trading terminals and the investors have access to trade and deal in Company's equity shares across the country. A copy of the Board resolution being enclosed herewith.

The above said decision taken by the Board is subject to the approval of the of the members by way of Special Resolution in the forthcoming general meeting.

You are requested to please take on record the above said information for your reference and record.

Thanking You,
Yours Faithfully,

For, CAPS LTD.
Authorised Signatory

Appendix 5

Specimen of General meeting special resolution for voluntary delisting of shares

RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to the provisions of the Security Contract and Regulation Act, 1956, Listing Agreement, Central Listing Authority and any other such consent, approval and any directions or modifications as may be issued by any regulating authorities, the consent of the members of the Company be and is hereby granted for Voluntary Delisting of Equity Shares of Rs. 10 each from the Madhya Pradesh Stock Exchange to the Board of directors of the Company.

RESOLVED FURTHER THAT the Board of directors be and is hereby authorised to accept any terms and conditions as may be imposed by the Stock Exchanges, Central Listing Authority, SEBI or any regulating authorities and to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above said stock exchanges and to take all necessary steps including execution of all writings, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above said resolution.

Explanatory Statement

The Company's Equity Shares are enlisted with the Mumbai and Madhya Pradesh Stock Exchange; there is no trading or negligible trading of equity shares since listing at the Madhya Pradesh Stock Exchange. However, the Company's shares are regularly being traded at the Mumbai Stock Exchange.

In terms of the SEBI (Delisting of Securities) Guidelines, 2003, recently announced by the SEBI, now the Companies have been permitted for voluntary delisting of shares including from the Regional Stock Exchange, subject to the compliance of the terms and conditions of the said guidelines. The Board considered that the Mumbai Stock Exchange is having nationwide trading terminals and the investors have access to trade and deal in Company's shares across the country.

Equity shares of the Company listed on the Madhya Pradesh Stock Exchange are not providing any significant tangible advantage to the shareholders and investors of the Company.

Therefore, the Board at their meting held on …….. has considered to recommend for voluntary delisting of the Company's Equity Shares from the Madhya Pradesh Stock Exchange and continue its listing only with the Stock Exchange Mumbai to avoid unnecessary financial and administrative burden duo to multiple compliance of the various clauses of the Listing Agreement from time to time and to provide better services to the investors through the nationwide Stock Exchange terminal.

Your directors recommend to pass the said resolution as Special Resolution as set out in Item No. ... of the notice, for voluntarily delisting the Shares of the Company from said Stock Exchange.

None of the directors are concerned or interested in the above said resolution, except as a member of the Company.

Appendix 6

Specimen of notice to be published in newspaper for voluntary delisting of shares

NOTICE pursuant to clause 5.2 of the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003 ("Delisting Guideline") that CAPS LTD. ("The Company") has made an application for voluntary delisting of its 36,68,580 Equity Shares of Rs. 10 each from the Madhya Pradesh Stock Exchange.

Necessity and object of delisting: The Equity shares of the Company are being infrequently traded on the Stock Exchange other than the Stock Exchange, Mumbai (BSE). The BSE is having nationwide trading terminals and the investors have access to trade and deal in Company's equity shares across the country. SEBI has also specified equity shares of the Company on D-mat form. The benefit accruing to the investors by keeping the equity shares of the Company listed on these Stock Exchange, are not commensurate with the cost incurred by the Company for the continued listed and will not provide any significant tangible advantage to the shareholders of the Company. Accordingly the Board has proposed the matter to the members at their meeting held on …….. and sought their approval by way of special resolution at the Annual General Meeting held on ……...

On obtaining the said approval of the members, the Company has applied to M.P. Stock Exchange for voluntary delisting of its 36,68,580 Equity Shares of Rs. 10 each from the Madhya Pradesh Stock Exchange. The equity shares of the Company will continue to be listed on BSE and the company has obtained certificate from the BSE the shares of the company continue to be listed with the BSE.

Structure: The promoter group is holding 16,79,340 Equity Shares, consisting of …..% of the total paid-up share capital of the Company. There will be no change in the above said holdings due to the proposed delisting.

Name of Compliance Officer of the Company: Shri DJ, Manager (Finance & Purchase), is the Compliance Officer of the Company.

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For CAPS LIMITED
Sd/-
RCM
MANAGING DIRECTOR

Place: Pithampur
Date:

Appendix 7

Specimen of an application to be given to BSE

CAPS/SE/DKJ/07 Date:

By Hand/Courier

To,

The Assistant General Manager,
Department of Corporate Services,
The Stock Exchange Mumbai,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai

Sub: Request for providing a certificate for continuing listing of shares

Dear Sir,

As informed to the your good office the Company is taking effective action for voluntary delisting of its 36,68,580 Equity Shares from the Madhya Pradesh Stock Exchange, in terms of the SEBI (Delisting of Securities) Guidelines, 2003.

The concerning Stock Exchange is insisting us to obtain a certificate from your Stock Exchange, confirming that the above said Equity Shares of the Company will continue to be listed with your Stock Exchange.

We also enclose a certificate given by the Chairman confirming the same for your kind information and record that the Company will continue to list its Equity Shares with your Stock Exchange and will comply with all the requirements of the Listing Agreement as may be applicable from time to time on the Company.

Therefore, we request your goodself to consider and kindly arrange for issuance of the required certificate so that it may be furnished to them for completing the required formalities.

Please do the needful and oblige.

Thanking You,
Yours Faithfully,
For, CAPS LTD.
RCM
CHAIRMAN & MANAGING DIRECTOR
Encl: a/a
Copy: The Secretary, Madhya Pradesh Stock Exchange, Indore

Annexure 1 to Appendix 7

Specimen of Management Certificate regarding continuing listing with BSE

THIS IS TO CERTIFY THAT the Company's 36,68,580 Equity Shares of Rs. 10 each are listed with the Stock Exchange Mumbai, and the Company will continue listing of these equity shares with the Stock Exchange Mumbai and that it shall comply with all the requirements of the Listing Agreement as may be applicable from time to time.

AND that any future delisting from the Stock Exchange, Mumbai, if any, shall be as per the SEBI

Guidelines as may be applicable at that time.

For, MEDI-CAPS LTD.
RCM
MANAGING DIRECTOR

Annexure 2 to Appendix 7

Specimen of Auditor's Certificate

RA & CO.
CHARTERED ACCOUNTANTS
56, New Palasiya, Indore (M.P.)

CERTIFICATE

On the basis of the information furnished to us and the records of the Company, we, the undersigned being Statutory Auditors of the Company do hereby certify that Caps Ltd. having its registered office at Pithampur, Distt. Dhar (M.P.), total Issued Capital of 36,68,580 Equity Shares of Rs. 10 each of the Company has been listed with the Stock Exchange Mumbai, Madhya Pradesh and that all the securities of the Company as listed at the above said Stock Exchange, are listed at the Stock Exchange Mumbai.

For, RA & CO.
CHARTERED ACCOUNTANTS

Place: Indore
CPR

Date:
PROPRIETOR

Appendix 8

Specimen of Indemnity-*cum*-undertaking for seeking delisting of shares

INDEMNITY CUM UNDERTAKINGFOR SEEKING DELISTING OF ITS SECURITIES FROM THE STOCK EXCHANGE MADHYA PRADESH

THIS INDEMNITY CUM UNDERTAKING is made at Indore this ...... day of …….., 2006 by **CAPS LIMITED**, a Company incorporated under the Companies Act, 1956 and listed on the Stock Exchange Madhya Pradesh, having Registered Office at Pithampur, Distt. Dhar (M.P.), hereinafter called "the Company" (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include their legal representatives, successors executors and assigns);

TO

THE STOCK EXCHANGE MADHYA PRADESH and having its Office at Palika Plaza, Phase II, 201 M.T.H. Compound, Indore (M.P.) hereinafter referred to as "MPSE" (which term so far as the context will admit will include its executors, administrators and assigns).

WHEREAS

A. The following securities of the Company have been listed on the MPSE in accordance with the listing rules, regulations and bye-laws of the MPSE:

"36,68,580 Equity Shares of Rs. 10 each"

B. One of the conditions prescribed by MPSE for getting the above securities of the Company delisted from the MPSE in execution of an indemnity bond and undertaking by the Company.

NOW THEREOF IN CONSIDERATION OF THE PREMISES AND IN ORDER TO COMPLY WITH THE PRE-CONDITIONS FOR DELISTING OF ITS SHARES FROM MPSE:

1. The Company hereby unconditionally & irrevocably undertakes, indemnifies and agrees to keep indemnified and hold harmless MPSE and its officials against any action, claim, causes, suits, proceedings and demands whatsoever, which may at any time be taken and made against MPSE and/or its officials

whether directly or indirectly, that may arise by reason of or in consequences of or in connection with the process of delisting the securities of the Company and/or on account of the fact that the securities of the Company were listed on MPSE prior to such delisting.

2. The Company shall abide by all such rules, regulations and directives as may be framed/initiated by MPSE to give effect to the above delisting.

3. Further the Company undertake to Register Form 23 with the Registrar of Companies, Madhya Pradesh and in case of any default, the Company undertake to indemnify the Stock Exchange for any losses/consequences that may follow.

IN WITNESS WHEREOF the Company presently listed on MPSE have set our respective hands and seals hereto the day and year first hereinabove written.

For CAPS LIMITED
RCM
MANAGING DIRECTOR

The Common Seal of the Company was
hereunto affixed by the hands of Shri RCM,
the Chairman and Managing Director
pursuant to a resolution passed at the
meeting of the Board of directors held on
…….. in presence of:

Witness:

Appendix 9

Specimen of application to be submitted to stock exchange for delisting of shares

CAPS/SE/DKJ/07 Date..…..

To,
The Secretary
Madhya Pradesh Stock Exchange.

Sub: Application for Voluntary Delisting.

Dear Sir,

In terms with the SEBI Delisting Guidelines, 2003 notified by the SEBI *vide* Circular No. SMD/ Policy/CIR-7/2003, dated February 17, 2003, we hereby apply for the voluntary delisting of its 36,68,580 Equity Shares of Rs. 10 each, from your stock exchange.

We are submitting the documents/information in support of our application and undertake to furnish such additional information and documents as may be further required.

LIST OF DOCUMENTS/INFORMATION IN SUPPORT OF OUR APPLICATION

1. Certified true copy of the Special Resolution passed by the Members for approval for delisting of Equity Shares from the M.P. Stock Exchange .at the Annual General Meeting held on ………. (Annexure-1)
2. Copy of the Form 23 in respect of the Special Resolution passed for delisting of Equity Shares from the M.P. Stock Exchange by the shareholders at their Annual General Meeting held on …… alongwith the a copy of money receipt issued by the Registrar of Companies, Madhya Pradesh. (Annexure-2)
3. Copy of the notice published in the newspapers .... & ...... on dated .... 2006 for publication of advertisement once in English and Hindi newspapers, for voluntary delisting of shares alongwith covering letter for submission of the clipping of the above said notice submitted to the Stock Exchange. (Annexure-3 & 4)
4. A copy of the application given to the Mumbai Stock Exchange, to provide a Certificate that the security of the Company is continued to be listed with them. And a certificate from the

Deleted: 1726 *Compliance of listing agreement, edifar and delisting of securities* **Part XXXVIII**

Management of the Company confirming that any future delisting from the Mumbai Stock Exchange, shall be as per the SEBI Guidelines. Please note that the Company's shares are not listed with National Stock Exchange. (Annexure 5 & 6)

5. Certificate from the Statutory Auditors of the Company that the total issued capital has been listed with the M.P. Stock Exchange and that all securities of the Company as listed at the M.P. are listed at BSE. (Annexure-7)
6. An Indemnity-cum-undertaking notarised from a public notary indemnifying MPSE for any loss or damage, the MPSE Exchange may suffer on account of Delisting of Securities from the MPSE to the delisting as done under the SEBI Guidelines. (Annexure-8)
7. Certified copy of the resolution passed by the Board of directors of the Company at their meeting held on ………. (Annexure-9)

We further state and confirm that:—

(A) The Company has not received an objection or opposition for the proposal of voluntary delisting of shares.

(B) The Company is regular in complying with all the conditions of the Listing Agreement.

(C) None of the directors of the Company is in any way interested in the decision for delisting of Shares from your Stock Exchange.

(D) The Company has appointed Shri DJ as the Compliance Officer of the Company.

You are requested to please consider and give us approval/order for voluntary delisting of the Equity Shares of the Company from your Stock Exchange and oblige.

Thanking You,
Yours Faithfully,
For, CAPS LTD.

RCM
CHAIRMAN AND MANAGING DIRECTOR
Encl: a/a