SEBI LODR Regulations, 2015

Strengthening Compliance Framework

(Introduced on September 02, 2015)

(Effective Since December 1, 2015)

RATIONALE

- Uniformity in Compliances applicable to various types of Securities

- The LODR Regulations serve to consolidate and streamline the provisions of the various listing agreements in operation for different segments of the capital markets, such as equity listings, listing of debt instruments, preference shares, Indian depository receipts, securitised debt instruments, units of mutual funds, and any other securities that the SEBI may specify. Further, by issuing these regulations, the SEBI is ensuring that there is no overlap between regulations, as there used to be with listing agreements. All pre-listing requirements have been excluded from the LODR Regulations. They only deal with post-listing requirements.

FRAMEWORK

- The LODR Regulations have been divided into two parts. The substantive provisions are incorporated in the main body of the regulations and the procedural requirements are incorporated in the form of Schedules to the regulations. The LODR Regulations also capture the corporate governance principles found in Clause 49 of SEBI's Model Listing Agreement.

- Listed companies will still have to enter into a listing agreement within six months after the LODR Regulations come into effect. This version however, likely to be shorter than the one currently in use.

REG. DIVIDED INTO CHAPTERS AND SCHEDULES

Chapter	Contents
I	Definitions
ii	Principles governing disclosures & obligations of listed entity
iii	Common obligations of listed entity
iv	Obligations of listed entity which has listed specified securities
v	Obligations for listing Non-convertible Debt securities / non-convertible redeemable preference shares
vi	Obligations of listed entity which has listed its specified securities & either non-convertible debt securities or non-convertible redeemable preference shares or both

REG. DIVIDED INTO CHAPTERS AND SCHEDULES

Chapter	Contents
vii	Obligations for listing ADRs
viii	Obligations for listing its securitised debt instruments
ix	Obligations for listing mutual funds units
x	Duties and obligations of the recognised stock exchanges
xi	Procedure for action in case of default
xii	Miscellaneous

REG. DIVIDED INTO CHAPTERS AND SCHEDULES

Schedules	Contents
i	Terms of Securities
ii	Corporate Governance
iii	Disclosure of events or information
iv	A) Disclosures in financial results – specified securities B) Disclosures in financial results - IDRs
v	Annual Report
vi	Manner in dealing with unclaimed shares
vii	Transfer of Securities
viii	Manner of reviewing Form B accompanying annual audited results
ix	Amendments to other Regulations

IMMEDIATE COMPLIANCES

- The LODR Regulations became effective from December 1, 2015, with the exception of two regulations—Regulation 23(4) and Regulation 31A—that became effective on September 2, 2015, when the LODR Regulations were notified.

- Regulation 23 deals with related party transactions, and sub-clause (4) of this regulation states that: *"All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not."*

- Regulation 31A relates to disclosures relating to promoters and the re-classification of promoters as public shareholders under various circumstances.

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
9	**Preservation of Documents**	To be approved by Board classifying documents in at least two categories - Documents whose preservation shall be permanent in nature - Document with preservation period of 8 years after relevant transactions. The document stated above may be kept in electronic or physical mode	Internal to the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
Explanation to 16(1)	**Policy for Determining Material Subsidiary**	Whether a Listed Entity has Material Subsidiary or not, it must frame a policy for determining material subsidiary. **Material Subsidiary-** subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year	On the Website of the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
17(4)	**Succession Plans for Board and Senior Management**	Members of the Board and Senior management play a key role in Company's success and for smooth operations of the Company, it is important to formulate succession plans i.e. who would take the charge in case of resignation, termination, or death of superior.	Internal to the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
22	**Vigil Mechanism**	A mechanism for directors and employees of the company to raise voice on serious issues provides safeguards against victimization to persons who use this mechanism and also provide direct access to the Chairperson of Audit Committee.	Also covered under CA, 2013 and Section 177 require Companies to disclose such mechanism on the website

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
23	**Materiality of related party transactions and dealing with related party transactions**	Company must refer to Section 2(76), 2(77), Section 177, Section 188 of CA, 2013 along with and regulation 23 of LODR, 2015 for identification of related parties, types of transactions and approval process.	On the website of the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
25(7)	**Familiarization Programme for Independent Directors**	Independent Directors do not work in company on day to day basis and thus they must be familiarized with the following- (a) nature of the industry in which the listed entity operates; (b) business model of the listed entity; (c) roles, rights, responsibilities of independent directors; and (d) any other relevant information	On the website of the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
30 read with Schedule III	**Materiality of Events or Information.**	To be approved by the Board, for governing important disclosures to be made by the Company and for authorizing KMPs to determine and disclose material events. The Policy has been disclosed in detail in later part of the notes.	On the website of the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
30(8)	**Archival Policy**	Since the website of the Listed Entity is governed by LODR, it is important for the Listed Entity to ensure proper back up of website contents. According to LODR, disclosures made under regulation 30 needs to be hosted on website of the Company for at least 5 years and thereafter must be archived as per archival policy.	On the website of the Company

POLICY FORMULATION

Regulation	Policy	Content	Disclosure
Schedule II Part D (A)(3)	**Board Diversity**	It is important to have optimum mix of people at the Board Level i.e. optimum mix of male and female, persons of different education qualifications i.e. IIT, CA, CS, MBAs, Economics, and from different regional background, age etc.	Internal to the Company

POLICY FOR DETERMINING MATERIAL EVENTS OR INFORMATION

- As per Regulation 30(1) of LODR, every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

- As per Regulation 30(4)(ii), The listed entity shall frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.

- As per Regulation 30(5), The board of directors of the listed entity shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the listed entity's website.

POLICY FOR DETERMINING MATERIAL EVENTS OR INFORMATION

Schedule III read with September 09, 2015 circular

- Items mentioned in Part A of Part A of Schedule III are deemed material and must be disclosed to Stock Exchange within 24 hours of their occurrence and are known as deemed material events

- List of Deemed Material Events

Amalgamation/merger/demerger/restructuring Issuance or forfeiture of securities, split or consolidation of shares, etc. i Revision in Rating(s) Shareholders' Agreement, Joint Venture agreements, Family settlement agreements (to the extent it impacts the management and control of the Company) Fraud/defaults by Promoters or Key Managerial Personnel or the Company Change in Directors/Key Managerial Personnel/Auditors Appointment or discontinuation of share transfer agent, Corporate debt restructuring One time settlement with a bank Reference to BIFR and winding-up petition Issuance of Notices/other documents to shareholders/creditors Proceedings of general meetings Amendments to Memorandum and Articles of Association of the Company, Schedule of Analyst/investor meet and presentation on financial results to analysts/institutional investors.

POLICY FOR DETERMINING MATERIAL EVENTS OR INFORMATION

Deemed Material Events which are to be disclosed **within 30 minutes** of conclusion of Board Meeting

Outcome of the Board meetings held to consider the following:

- recommendation / declaration of dividend
- buyback of securities
- fund raising
- increase in capital by issue of bonus shares, reissue of forfeited shares or securities
- financial results
- voluntary delisting, etc.

POLICY FOR DETERMINING MATERIAL EVENTS OR INFORMATION

List of Events which must be evaluated through test of materiality to decide if they are material or not

Items mentioned in Part B of Part A of Schedule III will be considered as material only after their examination by the KMPs of the Company on the test of materiality enumerated in Regulation 30(4).

 Commencement/postponement of commercial production or commercial operations of any unit/division Change in the general character/nature of business Capacity addition or product launch Awarding, receiving contracts and amendment or termination of contracts not in the normal course of business Loan agreements and any other agreement not in the normal course of business Disruption of operations of any unit/division due to natural calamity Effect(s) arising out of change in the regulatory framework Litigation(s) / dispute(s) / regulatory action(s) with impact Fraud/defaults by Directors/Employees ESOP/ESPS Scheme Giving guarantees/indemnity or becoming surety for any third party Grant/surrender of key licenses or regulatory approvals

POLICY FOR DETERMINING MATERIAL EVENTS OR INFORMATION

Test of Materiality

The Company shall consider the following criteria for determining materiality of events and information mentioned above (the "Test of Materiality of Events and Information"):

a) the omission of an event or information which is likely to result in discontinuity or alteration of event or information already available publicly;

b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; Events and information, where the criteria specified in (a) and (b) above are not applicable, shall be considered material for the purpose of disclosure to the stock exchanges where the impact of such event or information is more than 10% of the revenue or capital employed of the Company, as applicable. These thresholds shall be determined on the basis of audited standalone financial statements of the Company for the preceding financial year.

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
7(3)	Compliance Certificate signed by authorized signatory of RTA & Compliance Officer of the Company to the effect that company has share transfer facility.	Half Yearly	One Month from end of half year
7(4)	Intimation of Change or appointment of new RTA (Also place such agreement in subsequent Board Meeting for Board to take note of the same.)	Event Based	7 days of entering into agreement with RTA
13(3)	Filing of status of investor Complaints received, disposed off, and pending.	Quarterly	21 days of end of quarter

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
27(2)(a)	Compliance report on Corporate Governance (To be signed either by CEO or Compliance Officer)	Quarterly	15 days of close of quarter
27(2) (b)	Details of Material Related Party Transactions, if any along with report under clause (a)	Quarterly	15 days of close of quarter

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
29(1)	Prior intimation of Board Meeting where agenda of meeting contains- - Proposal for buyback - Proposal for voluntary delisting by listed entity - Fund raising by IPO, Right issue, ADR, GDR, FCCB, QIBs, QIP, Debt issue, preferential issue etc… or for determination of issue price) AGM/EGM/ Postal Ballot is proposed to be held for Further fund raising indicating type of issuance Declaration of Interim dividend	Event Based	Atleast 2 working days in advance of Board Meeting (excluding date of Board meeting and date of intimation)

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
29(1) (Cont.…)	or recommendation of final dividend, issue of convertible securities including convertible debentures or debentures carrying right to subscribe to equity shares or passing over of dividend Declaration of Bonus Securities		

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
29(1)	Prior intimation of Board Meeting where agenda of meeting contains- - Financial Results (quarterly, half yearly or annual)	Quarterly	Atleast 5 working days in advance of Board Meeting (excluding date of Board meeting and date of intimation)

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
29(3)	Prior intimation of proposal placed before Board for- - Any alteration in the form or nature of any of its securities that are listed on the stock exchange or the rights or privileges of the holders thereof Any alteration in date on which, interest on debentures or bonds, or redemption amount of redeemable shares or of debenture of bonds, shall be payable	Event Based	At least 11 working days in advance before the proposal is placed before the board.

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
31(1)	Statement of Shareholding Pattern	Quarterly	Within 21 days of end of quarter
32(1)	Statement indicating deviations in the use of proceeds raised through IPO, right, preferential issue etc stated in offer document, explanatory statement or notice of GM - Category wise variation (capex, sales, working capital) between projected utilization of funds made in offer document explanatory statement or notice of GM and actual utilization of funds	Quarterly (to be made until issue proceeds have been fully utilized or the purpose of fund raising has been achieved	No time Limit Mentioned

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
33(3)(b)	Intimation as to whether the Company would submit Standalone or consolidated results for 1st , 2nd, & 3rd Quarter. Whatever the company opts it cannot change during that financial year	Start of financial year	Before submission of First Year Results.
33(3) (a)	Submission of financial results for quarter other than last quarter	Quarterly	Within 45 days of end of quarter

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
33 (3)(d)	Submission of financial results for last quarter	Annually	Within 60 days of end financial year along with form A(clean audit report) or form B (Qualified audit report)
30 read with Part A of Schedule 3	Intimation of approval of Financial results by the Board	Quarterly	Within 30 minutes of conclusion of Board Meeting

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
34(1)	Submission of Annual Report	Annually	Within 21 working days of it being approved and adopted in the AGM
35	Annual Information Memorandum (Format yet to be prescribed by SEBI)	Annually	Time Limit not specified

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
39(3)	Information regarding loss of share certificates and issue of duplicate certificates	Event Based	2 days of getting information regarding loss of share certificates
40(9)	Certification from PCS that all certificates have been issues within 30 days of lodgement of transfer, subdivision, consolidation, renewal, exchange or endorsement	Half yearly	Within 30 days of end of half year

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
42	Intimation of Record date for - Declaration of dividend - Right or bonus issue - Issue of shares for convertible securities including debentures - Shares arising out rights attached to debentures or convertible security - Corporate actions like mergers, demergers, split, bonus etc.…	Event based	7 working days in advance of record date (excluding record date and date of intimation)
44(3)	Results of Voting at the GM (e-voting & ballot)	Event Based and Annualy after AGM	Within 48 hours of conclusion of GM

COMPLIANCE- REG. 7 TO REG. 45

Regulation	Provision	Periodicity	Time Limit of Intimation to STX
45(3)	Approval of Name change	Event Based	Before filing of application of name change with ROC

WEBSITE COMPLIANCES- REG. 46

- The listed entity shall maintain a functional website containing the basic information about the listed entity.

The listed entity shall disseminate the following information on its website:

- (a) details of its business;
- (b)terms and conditions of appointment of independent directors;
- (c) composition of various committees of board of directors;
- (d) code of conduct of board of directors and senior management personnel;
- (e) details of establishment of vigil mechanism/ Whistle Blower policy;
- (f) criteria of making payments to non-executive directors , if the same has not been disclosed in annual report;
- (g) policy on dealing with related party transactions;
- (h) policy for determining _material' subsidiaries;

WEBSITE COMPLIANCES- REG. 46

- (j) the email address for grievance redressal and other relevant details;
- (k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;
- (l) financial information including: (i) notice of meeting of the board of directors where financial results shall be discussed; 38 (ii)financial results, on conclusion of the meeting of the board of directors where the financial results were approved; (iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;
- (m) shareholding pattern;
- (n)details of agreements entered into with the media companies and/or their associates, etc;

WEBSITE COMPLIANCES- REG. 46

- (o)schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange;
- (p)new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change;
- (q)itemsin sub-regulation (1) of regulation 47 .

46 (3) (a) - The listed entity shall ensure that the contents of the website are correct. (b)The listed entity shall update any change in the content of its website within two working days from the date of such change in content.

DISCLAIMER

- The PPT Contains information only for knowledge sharing purpose and is not meant for professional use. For any official use, Consultancy, or exam preparation kindly follow the SEBI Regulations, latest circulars, FAQs and Amendments. The presentation only covers Common obligations and equity related Compliances and does not cover compliances pertaining to other Securities.

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THANK YOU !!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

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Power Finance Corporation Limited