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## **The Securities and Exchange Board of India mandates disclosure of reasons for delay in submission of financial results by listed entities**

The Securities and Exchange Board of India (“SEBI”), vide circular dated November 19, 2018, has mandated that all listed entities that delay the submission of financial results are required to disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results as required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

Regulation 33 of the Listing Regulations, inter-alia, specifies timelines for submission of financial results by listed entities. Accordingly, the quarterly and annual financial results are to be submitted by listed entities to stock exchanges within forty-five/sixty days from the end of the quarter/financial year. It is expected that the listed entities shall adhere to the aforesaid timelines for submission of financial results.

In case of non-compliance of various provisions of the Listing Regulations including non-submission/delayed submission of financial results, SEBI has prescribed a standard operating procedure (providing for levy of penalties, freezing of promoter shareholding, suspension of trading, etc.) through certain circulars, the latest being the circular dated May 3, 2018. Such penalties, freezing of promoter shareholding, etc. act as

deterrents for listed entities to delay disclosure of their financial results.

Nevertheless, wherever there were delays in submission of financial results by certain listed entities to the stock exchanges in the past, while the fact of delay was intimated by the listed entity, the reasons for the same were not disclosed / were not brought out clearly. In such cases, the investors were often left unaware as to the reasons for such delays which may have had an impact on their investment decision. Hence, a need for disclosure by listed entities of reasons for delay in submission of financial results arises.

Accordingly, if any listed entity does not submit its financial results in accordance with the timelines specified in Regulation 33 of Listing Regulations, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of the due date of submission for the results as required under Regulation 33. However, if the decision to delay the results was taken by the listed entity prior to the due date, the listed entity shall disclose detailed reasons for such delay to the stock exchanges within one working day of such decision.

The entire text of the said circular can be accessed on the link below for the readers’ perusal:

[https://www.sebi.gov.in/legal/circulars/nov-2018/disclosure-of-reasons-for-delay-in-submission-of-financial-results-by-listed-entities\\_41040.html](https://www.sebi.gov.in/legal/circulars/nov-2018/disclosure-of-reasons-for-delay-in-submission-of-financial-results-by-listed-entities_41040.html).

**The Securities and Exchange Board of India introduces the Securities and**

## **Exchange Board of India (Delisting Of Equity Shares) (Second Amendment) Regulations, 2018**

The SEBI has, vide notification dated November 14, 2018, introduced the Securities and Exchange Board of India (Delisting Of Equity Shares) (Second Amendment) Regulations, 2018 (“**Amendment Regulations**”), thereby amending the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (“**Principal Regulations**”).

In terms of the Amendment Regulations, the below are some of the key changes introduced by SEBI:

- ✓ after clause (i) in the Principal regulations, the following clause shall be inserted, namely, — “(ia) ‘acquirer’ shall have the same meaning as assigned to it in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and who has chosen to make an offer for delisting the company in accordance with regulation 5A of the said Regulations. Explanation. — Any reference made to the promoter in relation to a delisting offer under these regulations shall apply mutatis mutandis to an acquirer making a delisting offer.”
- ✓ clause (v) of the Principal Regulations shall be substituted by - “(v) ‘public shareholders’ mean the holders of equity shares, other than the following: (a) promoters, promoter group and persons acting in concert with them; (b) acquirer(s) and persons acting in concert with such acquirer(s); and (c) holders of depository receipts issued overseas against equity

shares held with a custodian and such custodian holding the equity shares.”

In addition to the above, the Amendment Regulations have brought about further significant changes in the Principal Regulations.

The entire text of the Amendment Regulations can be accessed on the link below for the readers’ perusal:

<https://companylaw.taxmann.com/fileopennew.aspx?id=222330000000017060&mode=home&page=ts>.

## **The Securities and Exchange Board of India issues circular regarding disclosures regarding commodity risks by listed entities**

The SEBI, vide circular dated November 15, 2018, has issued certain norms regarding disclosures regarding commodity risks by listed entities.

Regulation 34(3) read with clause 9(n) of Part C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) mandates listed entities to make disclosures regarding commodity price risk and hedging activities in the Corporate Governance Report section of the Annual Report of a listed entity.

In order to benefit the shareholders and to bring further clarity in disclosures to be made in the annual reports by listed entities, the Corporate Governance Committee formed under the Chairmanship of Shri Uday Kotak inter alia, in its report to SEBI dated October 5, 2017 recommended the following: a. The listed entities should disclose their risk management activities during the year,

including their commodity hedging positions in a more transparent, detailed and uniform manner for easy understanding and appreciation by the shareholders. b. For the consistent implementation of the requirements of the SEBI LODR Regulations regarding disclosure of commodity risks and other hedging activities across listed companies, a detailed format along with the periodicity of the disclosures may be outlined by SEBI which would depict the commodity risks they face, how these are managed and also the policy for hedging commodity risk, etc. followed by the company for the purpose of disclosures in the annual report. 3. The aforesaid recommendation of the Committee was accepted by the SEBI Board in its meeting held on March 28, 2018 and it was decided to implement the same.

The entire text of the SEBI circular can be accessed on the link below for the readers' perusal:

<https://companylaw.taxmann.com/topstories/222330000000017066/listed-entities-need-to-disclose-risk-management-activities-in-their-annual-report.aspx?Id=222330000000017066&mode=home&Page=CIRNO>.

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#### **Contact details**

**Sumes Dewan**  
*Managing Partner*  
*Lex Favios*

Email: [sumes.dewan@lexfavios.com](mailto:sumes.dewan@lexfavios.com)

Tel: 91-11-41435188/45264524