

**THE MADRAS CHAMBER OF COMMERCE
AND INDUSTRY**

***COMPANY LAW AND CORPORATE MATTERS
COMMITTEE***

MONTHLY NEWSLETTER

DECEMBER 2025

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ARE YOU AWARE

Ministry of Corporate Affairs taking timely steps to ease compliance burden on the corporates under Ease of Doing Business 2.0 reforms

Thresholds for small company enhanced to reduce burden of compliances with effect from December 1, 2025; paid-capital criteria increased from upto Rs. 4 crores to upto Rs. 10 crores and turnover criteria increased from upto Rs. 40 crores to upto Rs. 100 crores

प्रविष्टि तिथि: 16 DEC 2025 6:09PM by PIB Delhi

The Ministry of Corporate Affairs has been taking the following key steps from time to time to ease the compliance burden on the corporates:

- i. De-criminalization of technical & procedural violations under Companies Act, 2013 has been done in two stages (in the year 2018 and year 2020) through amendments in such Act. As a result, 51 offences under the Companies Act, 2013 have been decriminalised. Further, vide LLP (Amendment) Act, 2021, 12 offences have been decriminalised. Most of such offences have been converted into civil defaults to be adjudicated by levy of monetary penalties. This has reduced the burden on criminal courts & National Company Law Tribunal.*
- ii. The scope of fast-track mergers was expanded in February 2021 to allow mergers of Start-ups with other Start-ups and with Small companies. The ambit has been further broadened in September 2025 to allow more classes of companies to choose this route. Further, “deemed approval” has been introduced for fast-track mergers to ensure that approvals are given in a time-bound manner.*
- iii. Direct listing of securities by Indian public companies in permissible foreign jurisdictions has been allowed. This is a boost for “Brand India” and increases attractiveness to growing technology sector, stimulates efficiency & growth, provides alternative source of capital and broadens investor base.*
- iv. The Centre for Processing Accelerated Corporate Exit (C-PACE) was established in May 2023 enabling the stakeholders by providing a hassle-free filing, timely and process-bound striking off their companies’ and LLPs’ names from the Register.*
- v. The Central Processing Centre (CPC) was established in February 2024 for centralized processing of 12 non-Straight Through Process forms.*
- vi. With effect from 1st December 2025, the thresholds for small company have been enhanced. The paid-capital criteria has been increased from upto Rs. 4 crores to upto Rs. 10 crore and turnover criteria has been increased from upto Rs. 40 crores to upto Rs. 100 crores. This brings more number of companies under the definition of small company, which are subject to lesser compliance requirements in comparison to larger companies.*

In addition, the Government has focused on further decriminalization to enhance Ease of Living and Ease of Doing Business. This includes the Jan Vishwas (Amendment of Provisions) Act, 2023, which decriminalized 183 provisions across 42 Central Acts. Under the initiative to reduce compliance burden, Central Ministries/Departments and States/UTs have successfully reduced over 47,000 compliances through self-identification exercises by way of simplification, digitization, decriminalization and redundancy removal.

Version-3 of MCA21 (MCA21 V3) has been launched to promote Ease of Doing Business, strengthen compliance and enhance transparency and streamline corporate filings. Through MCA21 V3, functionalities like Web filings, LLP Module, Company module, e-Book Learning Management System have been implemented. All filings are now being made through this system, which provides for real time validation with pre-filled master data reducing manual errors, re-submissions and compliance timelines.

In addition to the above, following steps were taken so that the stakeholders get familiarised with the filing requirements, while at the same time, providing them a mechanism for resolving their grievances:-

- i. Webinars and training are conducted regularly for handholding stakeholders. Video tutorials, Chatbot, user manuals and FAQs are available on portal to assist users in filing of returns.*
- ii. The portal provides a dashboard facility that enables stakeholders to track filings, payment status, and approvals in real time, thereby enhancing transparency.*
- iii. A helpdesk mechanism has been established to address grievances related to the MCA21 portal. To further improve grievance redressal, MCA has partnered with professional institutes to review ticket closures. A dedicated team from these institutes works closely with MCA to monitor grievance handling and collect user feedback after ticket closure.*

For listed entities, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”), promote ethical governance and board accountability through comprehensive provisions focusing on disclosures and responsibilities of the Board of Directors. The key provisions are as under:

- i. Regulation 4 of the LODR prescribes the principles governing disclosures and obligations of every listed entity and its Board of Directors. These include the rights of shareholders, timely dissemination of information, equitable treatment, transparency etc.*
- ii. Regulation 17(5) of the LODR requires Board of Directors to lay down a code of conduct for all members of board of directors and senior management of the listed entity. The code of conduct also suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013. All members of the Board of Directors and senior management personnel are required to affirm compliance with the code of conduct of board of directors and senior management on an annual basis.*

iii. Regulation 17(10) of the LODR mandates a formal, annual performance evaluation of the entire board, which shall include- (a) performance of the directors; and (b) fulfilment of the independence criteria as specified in these regulations and their independence from the management.

In the above evaluation, the directors who are subject to evaluation shall not participate. The Nomination and Remuneration Committee (NRC) of the Board is responsible for formulation of criteria for evaluation of performance of independent directors and the Board of Directors.

Under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR Committee. CSR eligible companies are required to file Form CSR-2 to report CSR related disclosures. All data related to CSR filed by companies in MCA21 registry is available in public domain and can be accessed at www.csr.gov.in.

Data analytics-driven features have been integrated in MCA21 V3 including enforcement and compliance modules. These include Early Warning System (EWS) and Compliance Management System (CMS) which use risk-based classification of companies and filings, automated generation of alerts and exception reports, pattern analysis of non-compliance.

This information was given by the Minister of State in the Ministry of Corporate Affairs; and the Minister of State in the Ministry of Road, Transport and Highways, Shri Harsh Malhotra in a written reply to a question in Rajya Sabha today.

Bill Summary

The Securities Markets Code, 2025

The Securities Markets Code, 2025, was introduced in Lok Sabha on December 18, 2025 and on the same date referred to Standing Committee. It seeks to repeal and replace the:

- i) Securities Contracts (Regulations) Act, 1956,
- ii) The Securities and Exchange Board of India (SEBI) Act, 1992, and
- iii) The Depositories Act, 1996.

The 1956 Act regulates dealings of securities and operation of stock exchanges. The 1996 Act regulates depositories that hold securities in dematerialised or electronic form and facilitate their transfers. The 1992 Act establishes: (i) SEBI as the regulator to protect interests of investors in securities and promote and regulate the securities market, and (ii) the Securities Appellate Tribunal to hear appeals against SEBI. The Bill seeks to consolidate the provisions of these Acts into single Code. It retains most of the provisions. Key changes include:

Composition of SEBI: Currently, SEBI consists of nine members: (i) the Chairperson, (ii) two officials from the Ministry of Finance and Corporate Affairs, (iii) one official of RBI, and (iv) five other members appointed by the central government of whom at least three must be whole-time members. The Bill increases the number of other members appointed by the central government to 11, of whom at least five must be whole-time members.

Conflict of interest of a Board Member: Under the SEBI Act, a member of SEBI, who is a director of a company, must disclose any direct or indirect pecuniary interest in a matter. He must not take part in deliberations or decisions on such matters. The Bill expands this restriction to include all members with any direct or indirect interest as may be specified by regulations, including interests of any family member. It also adds that the central government may remove a member who has acquired any financial or other interests that is likely to prejudice his functions.

Investigation and adjudication: Currently, SEBI may empower any person as investigating or adjudicating officers. The Bill instead empowers SEBI to appoint investigating officers or adjudicating officers from among its Chairperson, whole-time members, and officers. The Bill adds that an adjudicating officer must not have: (i) authorised or participated in the inspection or investigation of the case, and (ii) considered any settlement application by the entity under investigation.

Limitation period for initiating inspection or investigation: The Bill bars SEBI from ordering any inspection or investigation after eight years from the date of contravention. Currently, there is no such limit. The Bill provides that the time limit will not apply in cases with a systemic impact on the securities market or cases referred by investigating agencies.

Requirement to register: The Bill retains registration requirement for various entities. Intermediaries such as stock brokers, asset management companies, and investment advisors must register with SEBI for carrying on investment activity or business. It also mandates registration of Market Infrastructure Institutions (MIIs) with SEBI which include stock exchanges, depositories, and clearing corporations. The Bill empowers SEBI to require registration of specified classes of investors. It also empowers SEBI to delegate its powers of registration of intermediaries or investors to MIIs. MIIs may also make bye-laws to minimise market abuse and foster transparency.

Grievance redressal and Ombudsperson: The Bill specifically empowers SEBI to establish an investor grievance redressal mechanism and direct service providers to also constitute grievance redressal mechanisms. It also empowers SEBI to appoint an Ombudsperson to redress grievances.

Offences and penalties: Currently, under the three Acts, contravention of the Act, rules, or regulations are punishable with imprisonment, fine, or both, in addition to penalty. The Bill removes these provisions and instead provides for only monetary penalty for specified violations. These include: (i) failure to obtain registration, (ii) furnishing false statements, (iii) failure to maintain records, and (iv)

certain defaults by service providers. It retains imprisonment for certain offences such as: (i) non-compliance with specified orders of adjudicating officers or directions of investigating officers and (ii) market abuse. The Bill defines market abuse as activities involving insider trading, defrauding the investors, dealing in securities while possessing non-public information, or using power to manipulate market prices of securities.

COURTESY: PRS INDIA

CIRCULARS ISSUED BY SEBI IN THE MONTH OF DECEMBER 2025

<i>Date</i>	<i>Ttile</i>
<i>Dec 24, 2025</i>	<i>Ease of doing investment - Review of simplification of procedure and standardization of formats of documents for issuance of duplicate certificates</i>
<i>Dec 24, 2025</i>	<i>Ease of investments and ease of doing business measures – enhancing the ‘Facility for Basic Services Demat Account (BSDA)’</i>
<i>Dec 18, 2025</i>	<i>Modification in the conditions specified for reduction in denomination of debt securities</i>
<i>Dec 16, 2025</i>	<i>Mandating periodic disclosure requirements- Securitised Debt Instruments (SDIs)</i>
<i>Dec 12, 2025</i>	<i>Provisions relating to Strengthening Governance of Market Infrastructure Institutions (MIIs)</i>
<i>Dec 11, 2025</i>	<i>Deferment of timeline for implementation of Phase III of Nomination Circular dated January 10, 2025 read with Circular dated February 28, 2025 and July 30, 2025</i>
<i>Dec 10, 2025</i>	<i>Relaxation on geo tagging requirement in India for NRIs while undertaking re-KYC</i>
<i>Dec 08, 2025</i>	<i>Modalities for migration to AI only schemes and relaxations to Large Value Funds for Accredited Investors under SEBI (Alternative Investment Funds) Regulations, 2012</i>
<i>Dec 08, 2025</i>	<i>Clarification on the Digital Accessibility circulars of SEBI</i>

**CONSULTATION PAPERS ISSUED BY SEBI FOR COMMENTS FROM PUBLIC DURING
THE MONTH DECEMBER 2025**

<i>Date</i>	<i>Title</i>
<i>Dec 05, 2025</i>	<i>Consultation Paper on Review of Master Circular for Foreign Portfolio Investors (FPIs) and Designated Depository Participants (DDPs) Click here to provide your comments</i>
<i>Dec 04, 2025</i>	<i>Consultation Paper on Review of existing position limits for Trading Members in Equity Derivatives Segment</i>

**REGULATIONS UPDATED BY SEBI DURING THE MONTH OF
DECEMBER 2025**

<i>Dec 24, 2025</i>	<i>Regulations Securities and Exchange Board of India (Intermediaries) Regulations, 2008 [Last amended on December 5, 2025]</i>
<i>Dec 24, 2025</i>	<i>Regulations Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 [Last amended on December 5, 2025]</i>
<i>Dec 24, 2025</i>	<i>Regulations Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [Last amended on December 4, 2025.</i>
<i>Dec 16, 2025</i>	<i>Regulations Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Last amended on December 16, 2025]</i>
<i>Dec 16, 2025</i>	<i>Regulations Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025</i>
<i>Dec 11, 2025</i>	<i>Regulations Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 [Last amended on December 11, 2025</i>
<i>Dec 11, 2025</i>	<i>Regulations Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [Last amended on December 11, 2025</i>
<i>Dec 05, 2025</i>	<i>Regulations Securities and Exchange Board of India (Collective Investment Scheme) Regulations, 1999 [Last amended on December 05, 2025</i>

Dec 03, 2025 Regulations Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 [Last amended on December 3, 2025]

Dec 03, 2025 Regulations Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 [Last amended on December 3, 2025]

NOTIFICATIONS AND CIRCULARS ISSUED IN THE MONTH OF DECEMBER 2025

BY MINISTRY OF CORPORATE AFFAIRS

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION New Delhi, the 1st December, 2025

G.S.R. 880(E).— In exercise of the powers conferred by sub-sections(1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Specification of definition details) Rules,2014, namely:-

1.Short title and commencement.-(1) These rules may be called the Companies (Specification of definition details) Amendment Rules, 2025.

(2) They shall come into force from the date of their publication in the Official Gazette.

2.In the Companies (Specification of definition details) Rules, 2014, in rule 2, in sub-rule (1), for clause (t), the following clause shall be substituted, namely:-“(t) For the purposes of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Act, paid up capital and turnover of the small company shall not exceed rupees ten crores and rupees one hundred crores respectively.”.

[F. No.Policy-01/5/2022-CL-V-MCA]BALAMURUGAN.D, Jt.Secy.

ARTICLE

Listing for Liquidity:

Optimizing the Public Offering for Modern Growth

Introduction: The Evolving Landscape of Public Listing

Historically, the IPO was the universally accepted benchmark for a company's transition from private to public. However, the lengthy timelines, prohibitive underwriting fees (typically 3%–7% of the total capital raised), and the required "roadshow" process have incentivized companies to explore alternatives.

The modern financial market offers four main routes for a private company to achieve public status:

- 1. Traditional IPO: Raise fresh capital via underwritten public offering.*
- 2. Direct Listing (DL): List existing shares for liquidity without raising new funds.*
- 3. SPAC Merger (De-SPAC): Merge with an already-listed shell company for speed and valuation certainty.*
- 4. Corporate Restructuring/Scheme of Arrangement: Listing through the merger or demerger of a private entity with an existing public entity (the PFL model).*

The core motivation for choosing a non-IPO route is often a strategic trade-off: sacrificing the ability to raise significant fresh capital for major gains in speed, cost savings, and control.

II. Strategic Alternatives to the Traditional IPO

- 1. A Direct Listing, or Direct Public Offering (DPO), involves a company listing its existing shares directly on a stock exchange.*

<i>Feature</i>	<i>Description</i>
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<i>Mechanics</i>	<i>Existing shares are registered and become tradable immediately.</i>
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Capital Raised Historically, none (purely secondary sale). New regulations now allow for a primary offering DL to raise fresh funds.

Underwriting None. Investment banks act only as financial advisors, significantly reducing fees.

Pricing Price is discovered through a single market auction on the day of listing, determined by natural supply and demand.

Advantages Lower cost, no dilution from new share issuance, and no restrictive lock-up period for existing shareholders.

Direct Listings are best suited for companies like Spotify and Coinbase, which possess strong brand recognition and do not require immediate fresh capital, as their existing cash reserves are substantial.

2. Special Purpose Acquisition Company (SPAC) Merger

A SPAC is a "blank check company" that goes public first, raises a pool of cash in a trust, and then merges with a private target company, a process known as a De-SPAC.

<i>Feature</i>	<i>Description</i>
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<i>Mechanics</i>	<i>The private company is acquired by the publicly listed SPAC, effectively replacing the SPAC as the listed operating entity.</i>
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Capital Raised Yes. The private company receives the cash held in the SPAC's trust (minus redemptions), often supplemented by a Private Investment in Public Equity (PIPE).

Speed to Market Faster than a traditional IPO, often completing the merger process in a few months (after a target is identified), allowing the company to list quickly.

<i>Valuation/Pricing</i>	<i>Negotiated and Fixed: The private company's valuation is negotiated directly with the SPAC's sponsors and fixed before the public listing. This provides greater certainty compared to the variable pricing risk of an IPO.</i>
<i>Underwriting/Cost</i>	<i>Avoids the high underwriting fees of a traditional IPO. Costs are primarily legal, accounting, and fees paid to SPAC sponsors (Promote Dilution).</i>
<i>Dilution</i>	<i>High Dilution Risk. Private company shareholders face significant dilution from the SPAC sponsors' "Promote" (typically 20% equity stake for minimal cost) and potential dilution from shareholder redemptions.</i>

3. Listing via Corporate Schemes (Demerger/Reverse Merger)

This method is highly relevant in India for corporate restructuring and is often used to create focused, listed entities.

<i>Feature</i>	<i>Demerger (Spin-Off) Reverse Merger (Reverse Takeover - RTO)</i>
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<i>Primary Goal</i>	<i>Corporate Restructuring and Value Unlocking for a conglomerate. Quick Listing and bypass of lengthy IPO process for a private company.</i>
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<i>Mechanism</i>	<i>A listed parent company separates a business division (subsidiary) into a new, independent entity. An unlisted private company merges into a publicly traded (but usually dormant) shell company.</i>
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<i>Listing Status</i>	<i>The new entity automatically gains listed status through a Scheme of Arrangement approved by the court and regulators (e.g., SEBI/RBI). The private company's operations and management take over the shell company's existing listed status.</i>
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<i>Capital Raised</i>	<i>None. This is a non-cash transaction involving only the transfer of assets and equity. None directly. The private company gains access to the shell company's existing cash balance, if any.</i>
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Shareholder Impact *Automatic Allotment: Existing shareholders of the parent company receive new shares in the spun-off entity (e.g., 1:1 ratio). Private shareholders become the majority owners of the new public company.*

Complexity *High. Requires regulatory approval from courts, SEBI, and stock exchanges, involving complex accounting and legal procedures. Moderate to High. Simpler than an IPO but involves significant legal due diligence on the shell company.*

Real-world Examples *Piramal Finance and Jio Financial Services (Demerger from their respective parent conglomerates). Less common for large-cap companies in India; often seen in smaller market cap companies globally.*

4. Debt & Strategic Capital

For companies primarily needing capital for expansion without immediately seeking public visibility or relinquishing equity, non-listing options are suitable.

A. Venture Debt (Non-Dilutive Capital)

Venture debt is a specialized type of loan designed for high-growth companies that are typically venture capital (VC)-backed but lack the positive cash flow or assets required for traditional bank financing. It is often used to extend a company's runway and hit critical valuation milestones before the next equity round or IPO.

Feature	Mechanism / Description
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Primary Goal	<i>Extend the cash runway between equity rounds; achieve critical milestones (e.g., product launch, revenue target) to increase valuation for the next equity round.</i>
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Recipient Profile	<i>VC-backed startups that have strong growth potential but lack positive cash flows or sufficient tangible assets for traditional bank loans.</i>
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Collateral & Security	<i>Typically secured by the company's assets, including Intellectual Property (IP), or equipment, rather than relying solely on historical cash flow.</i>
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"Sweetener" (Warrants) *Lenders often receive warrants—the right to purchase a small percentage of the company's equity at a future date—as compensation for the high lending risk. This allows them to participate in the company's upside potential without immediate dilution.*

Repayment Source *Repayment is primarily expected to come from the proceeds of the next major equity funding round or a liquidity event (acquisition/IPO), rather than current profits.*

B. Strategic Alliance & Joint Venture (Non-M&A Partnership)

<i>Feature</i>	<i>Strategic Alliance</i>	<i>Joint Venture (JV)</i>
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<i>Legal Entity</i>	<i>No new legal entity is created. The partnership is based on a contractual agreement. A new, separate legal entity is created (e.g., a new corporation or partnership).</i>	
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<i>Integration Level</i>	<i>Lower. Partners maintain their operational independence and separate legal identities. Higher. Partners contribute capital, assets, or IP and share ownership, profits, losses, and control.</i>	
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<i>Risk & Cost</i>	<i>Partners share specific costs or risks related to the agreed-upon activities (e.g., R&D). Partners share risks and costs based on their ownership stake in the new JV entity.</i>	
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<i>Primary Mechanism</i>	<i>Contractual agreement for resource sharing, technology transfer, co-marketing, or shared distribution (e.g., two airlines code-sharing). Equity contributions to fund the new entity, which operates under its own governance structure (e.g., two companies forming a new entity to enter a foreign market).</i>	
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<i>Goal</i>	<i>Flexibility and leveraging complementary strengths for a specific project or initiative. Shared risk for large-scale, high-cost projects or for market entry.</i>	
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The choice between a traditional IPO and one of these alternatives depends entirely on the company's immediate needs:

Scenario Ideal Strategic Alternative

Needs Capital + Marketing Traditional IPO

Needs Liquidity + Low Cost + No Dilution Direct Listing

Needs Speed + Price Certainty SPAC Merger

Needs Structural Clarity + Regulatory Compliance Demerger / Scheme of Arrangement

Needs non-dilutive capital to extend cash runway and hit a higher valuation target for the next equity event Venture Debt

Needs market access, shared technology/R&D, or risk reduction without committing to a full merger or acquisition. Strategic Alliance & Joint Venture

Conclusion

The public listing landscape has fundamentally shifted, demanding that growth companies move beyond the historical confines of the Traditional IPO. The choice among a Direct Listing, SPAC Merger, or Listing via Corporate Scheme is no longer a matter of preference but a strategic mandate driven by the immediate needs for liquidity, cost efficiency, and speed to market. Modern financial engineering offers tailored solutions—from the market-driven price discovery of a DL to the valuation certainty of a SPAC—allowing companies to optimize for the right combination of capital raising and existing shareholder liquidity. Non-listing options like Venture Debt and Strategic Alliances further empower private companies to fuel growth without immediate public scrutiny or equity dilution.

In navigating this complex terrain, the Company Secretary (CS) assumes a paramount and cross-functional role. The CS is the crucial orchestrator who must ensure the chosen path, whether a quick SPAC or a legally intense Demerger, is executed with rigorous regulatory adherence and meticulous governance. Their expertise is vital in managing the increased risk and complexity of alternative routes, overseeing due diligence, and establishing the robust compliance framework (SEBI, Stock Exchange, and Court mandates) necessary for a successful and sustainable public transition. Ultimately, the CS transforms the company's strategic decision into a legally sound and governance-compliant reality, serving as the guarantor of investor confidence in the newly listed entity.

By,

C V Kavviya – Assistant Company Secretary – ZF Commercial Vehicle Control Systems India Limited

ARTICLE 2

REGULATION: 21

Risk Management Committee.

Regulation 21 deals with constitution of Risk Management Committee:

Regulation 21 comprises of 9 sub-regulations. Sub Regulation 2 was amended and substituted with effect from 29.07.2019 and 05.05.2021 respectively, Sub Regulation 3A was inserted, substituted and inserted with effect from 01.04.2019,05.05.2021 and 13.12.2004 respectively, Sub Regulation 3B was inserted with effect from 05.05.2021,Sub Regulation 3C for the words “two hundred and ten” were substituted for ‘one hundred and eighty’ with effect from 17.05.2024,Sub Regulation 4 the words ”such function shall specifically cover cyber security” were inserted with effect from 01.04.2019,proviso to Sub Regulation 4 was inserted with effect from 05.05.2021,Sub regulation 5 was substituted, amended with effect from 07.09.2021 and 01.04.2019 respectively

and the words “determined on the basis of market capitalization as at the end of the immediate preceding financial year” in Sub regulation 5 were omitted with effect from 31.12.2024 and Sub regulation was inserted with effect from 05.05.2021.

21. (1) The board of directors shall constitute a Risk Management Committee.

Mandates the constitution of the Risk Management Committee by the Board of Directors.

(2) The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.

a. Risk Management Committee has a minimum of three members with the majority of them being Board Members, including at least one independent director.

b. At least two-thirds of the Risk Management Committee comprises of independent directors in the case of a listed entity having outstanding SR equity shares.

(3) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

a. The Chairman of the Risk Management Committee is a member of the board of directors.

b. Senior executives of the listed entity like the CFO and Chief Risk Officer(CRO) if there is one,

may be members of the Risk Management Committee.

(3A) The risk management committee shall meet at least twice in a financial year.

Risk Management Committee meets at least twice in a financial year.

(3B) The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

The quorum for a Risk Management Committee shall be either two members or one third of the members of the Committee whichever is higher, with at least one board member being present.

(3C) The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

The time gap between two consecutive Risk Management Committee Meetings in a financial year shall not exceed a continuous period of 210 days.

(4) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit [such function shall specifically cover cyber security:

The Board defines the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the Risk Management Plan and such other roles which specifically includes cyber security.

Provided that the role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II.

Roles and responsibilities of the Risk Management Committee shall mandatorily include the functions specified in Part D of Schedule II.

Part D of Schedule II:

Risk Management Committee:

The role of the committee shall, inter alia, include the following:

(1) To formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG

related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

(5) The provisions of this regulation shall be applicable to:

i. the top 1000 listed entities ; and, ii. a ‘high value debt listed entity’.

The provisions of this regulation are applicable to the top 1000 listed entities and a “high value debt listed entity.

(6) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Risk Management Committee has powers to seek information from any employee, obtain legal or other professional advice and secure attendance of outsiders with relevant experience, if necessary.

REGULATION 22:

Vigil mechanism.

Regulation 22 deals with formulation of Vigil Mechanism / Whistle Blower Policy:

Regulation 22 comprises of 2 sub-regulations. The words “Whistle Blower Policy was inserted in Sub regulation 1 with effect from 05.05.2021.

22. (1) The listed entity shall formulate a vigil mechanism / whistle blower policy for directors and employees to report genuine concerns.

Mandates the formulation of a vigil mechanism / whistle blower policy for directors and employees to report genuine concerns.

(2) The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

- a. This mechanism provides adequate safeguards against victimization for those who avail the mechanism. b. This mechanism also provides for direct access to the Chairman of the audit committee in appropriate or exceptional cases.

BY CS V V NARESH, PRACTISING COMPANY SECRETARY



புத்தாண்டு நல்வாழ்த்துக்கள்

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புதிய வருடம்
புதிய கனவுகளின்
தொடக்கம்
தைரியத்துடன் நகருங்கள்
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