To,

1. All the listed entities
2. All the recognized stock exchanges

Sir/Madam,

Sub: Circular for implementation of certain recommendations of the Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak

1. The Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak made several recommendations. Most of amendments necessary to implement these recommendations have been made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 vide notification dated May 9, 2018. There a few recommendations as accepted by the Board, which are to be implemented through issue of a circular.

2. Accordingly, the following provisions shall apply to entities whose equity shares are listed on a recognized stock exchange:

   a. **Disclosures on Board Evaluation:**

      The listed entity may consider the following as a part of its disclosures on board evaluation:
      
      i. Observations of board evaluation carried out for the year.
      ii. Previous year’s observations and actions taken.
      iii. Proposed actions based on current year observations.

   b. **Group Governance Unit:**

      Where the listed entity has a large number of unlisted subsidiaries:
      
      i. The listed entity may monitor their governance through a dedicated group governance unit or Governance Committee comprising the members of its board of directors.
      ii. A strong and effective group governance policy may be established by the entity.
iii. The decision of setting up of such a unit/committee or having such a policy shall lie with the board of directors of the listed entity.

c. **Medium-term and long-term strategy:**

The listed entity may consider the following with respect to disclosure of medium-term and long-term strategy of the entity:

i. It may disclose, under the Management Discussion and Analysis section of the Annual report, within the limits set by its competitive position, its medium-term and long-term strategy based on a time frame as determined by its board of directors.

ii. The listed entity may articulate a clear set of long-term metrics specific to the company’s long term strategy to allow for appropriate measurement of progress.

d. The clause 4.4 of the SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016 shall stand deleted.

3. This circular is issued in exercise of the powers conferred under sections 11 and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. This circular is available at www.sebi.gov.in under the link “Legal” and “Circulars”.

5. The recognized Stock Exchanges are advised to disseminate the contents of this circular on their website.

Yours faithfully,

Pradeep Ramakrishnan  
Deputy General Manager  
Corporate Finance Department  
Compliance and Monitoring Division  
Tel No.: 022-26449246  
Email: pradeepr@sebi.gov.in