



## NOTICES

Notice No.	20230410-45	Notice Date	10 Apr 2023
Category	Circulars Listed Companies	Segment	Equity
Subject	FAQ - Corporate Governance		
Attachments	<a href="#">FAQs_Corporate Governance.pdf</a> ;		
Content			

Dear Sir\Madam,

With reference to all the earlier issued FAQs against the submission of Corporate Governance Report on the BSE website, please find annexed the frequently asked questions (FAQs) for guidance purpose.

All Listed entities are requested to take note and comply accordingly.

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*Disclaimer: These guidelines are issued as guidance only for filing of the quarterly Corporate Governance Report submission via data entry/XBRL utility. These guidelines are not and should not be construed as substitution/clarification/explanation on any matter on which provision of Law, Regulation or SEBI/Exchange circular were issued.*

## **FREQUENTLY ASKED QUESTIONS**

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## **Part- I: Composition of Board of Directors**

### **1. What should be mentioned if DIN is not available/applicable to a Director(s)?**

Reply: If DIN is not available/applicable, the Company needs to mention only the dummy DIN (99999999) along with the reason in company remarks.

### **2. What should be mentioned if PAN is not available/applicable to a Director(s)?**

Reply: If PAN is not available/applicable, the Company needs to mention only the dummy PAN (ZZZZZ9999Z) along with the reason in company remarks.

### **3. Manner of submission of the name of the Director(s) into the Corporate Governance Report.**

Reply: The listed entities must disclose the correct and complete name of the director(s) as per the PAN.

Further, in case of any discrepancies has been observed in the name of the director(s) or PAN, the Exchange shall seek a clarification / issue an advisory letter to the Company.

### **4. What shall be the Initial date of appointment and date of Re-appointment in case of Independent Director and Directors other than Independent Director?**

Reply:

#### **For Independent director**

- An initial date of Appointment shall be after the enactment of Companies Act, 2013 which will be calculated as first term.
- Date of Re-appointment shall be such from when the Second term of appointment as Independent director has been considered.

Example:

Mr. X was on the board as independent director from 2011 and was designated as Independent Director in the year 2014 in accordance with the enactment of Companies Act, 2013 and again re-appointed in the year 2019.

In above case, initial date of appointment will be the first term started from the year 2014 in accordance with the enactment of Companies Act and date of re-appointment for the Second term will start from year 2019.

### **For directors other than independent director**

- Initial date of Appointment shall be actual/original date of appointment, inducted into the Board as Director of the company.  
Date of Re-appointment shall be the date from when the director is appointed in the current term.

**5. Is the field for date of re-appointment mandatory? If yes, what shall be the date of re-appointment in case the director is not yet re-appointed i.e., first term is continuing?**

Reply: The field for the date of re-appointment is mandatory for Independent Directors. In case the independent director is yet to be re-appointed i.e., first term is continuing, mention the initial date of appointment in the field for re-appointment.

**6. Is the field Date of Cessation mandatory?**

Reply: The field for the date of cessation is mandatory only when the tenure of director is completed, due to death, resignation or removal of Director.

*In case of demise of a director, mention reason of the same in the remark's column.*

**7. In what all cases details against the Tenure is to be provided?**

Reply: Tenure of the director is mandatorily required to be provided only for Independent Directors.

**8. What shall be the details in the field of tenure of Director?**

Reply: Tenure to be provided only in the case of Independent Directors. The tenure of the Independent Director (ID) will be calculated till the end of the Quarter i.e. if the Corporate Governance Report is submitted for the Quarter ended March 31, 2023, the tenure shall be calculated from the date of initial appointment till March 31, 2023.

The details under tenure can be provided up to two decimals.

Example: If an ID has completed 14 months and 17 days, the Company can mention 14.17 as his tenure.

**9. The Date of Birth in the Corporate Governance column must be entered for all directors?**

Reply: The Date of Birth are mandatory for Non-Executive Directors and Independent Directors.

**10. When is special resolution required to be passed under Regulation 17(1A)?**

Reply: A Non-Executive Director who has attained the age of seventy-five years shall not be appointed or continue the directorship of any person unless a special resolution is passed to that effect, in that case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Here please note that:

- In case the age of the already appointed non-executive director is nearing 75 years, the special resolution in terms of regulation 17(1A) as per SEBI LODR Regulations, 2015, shall be passed on or before the date of attaining the age of 75 years by the said director.
- Appointment of a non-executive director into the board of the company, who is already exceeding the age of 75 years, shall be processed once special resolution in terms of regulation 17(1A) as per SEBI LODR Regulations, 2015, is passed.

**11. As per Regulation 26(1) of SEBI (LODR), 2015 whether the membership in Committee is restricted to listed entity only i.e., a director shall not be a member in more than ten committees or act as chairperson of more than five committees?**

Reply: A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director which shall be determined as follows:

- a. the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and **all other companies including private limited companies, foreign companies, high value debt listed entities and companies under Section 8 of the Companies Act, 2013 shall be excluded.**
- b. for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered

*Note: No. of post of Chairperson in Audit/Stakeholder Committee held includes public limited companies whether listed or not.*

**12. In case of any vacancy in the position of any director, due to the reasons beyond the control of the company i.e., due to resignation, death or disqualification/removal is occurred, within how much time should the vacancy be filled to achieve compliance with LODR provisions?**

Reply: The vacancy must be filled within a period of three months. In case compliance has not achieved within the said time given to achieve compliance, actions as prescribed in the prevailing SOP circular shall be initiated against the company.

It also includes Non- Executive Director and Executive Director of the Company.

Note : The words “the immediate next meeting of the board of directors or” appearing after the

words “later than the” and before the words “three months” shall be omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.

**13. In case of decimals/fractions, how shall it be treated as compliance?**

Reply: Decimal/Fraction shall be rounded off to the higher number while determining compliance, both for Board as well as Committees.

Example: If in an audit committee there are total 5 members and as per the provisions of SEBI LODR Regulations, 2015, 2/3 shall be Independent. Hence, calculation of Independent comes to 3.33. However, the company shall ensure the rounding off the calculation of Independent to the higher number i.e 4.

The company shall only be treated as compliant when 4 out of total 5 members comprises of Independent.

**14. In case of change in designation of a director and due addition of a director in the Board/Committee, which results into non-compliance of Board/Committee Composition, is there any time available to achieve compliance with LODR provisions?**

Reply: There is no time available, actions as prescribed in the prevailing SOP circular shall be initiated against the company.

**15. Whether the provision of Regulation 17(1C) shall also be applicable to re-appointment of directors?**

Reply: The provisions of regulation 17(1C) shall also be applicable in case of re-appointment of directors including those who are already forming the part of the Board of Directors.

## **Part- II: Composition of Committees**

**16. Is it required to give the details of all the Committee Meeting?**

Reply: The Company is required to mandatorily give the details of Audit Committee; Stakeholders Relationship Committee; Nomination and Remuneration Committee and Risk Management Committee, if applicable.

**17. What will be the date of appointment of the Director in case of Committee?**

Reply: Mr. X was on the board as Independent Director from 2011 and was reappointed in 2014. The Independent Director inducted in the Committee in 2013. The date of appointment in the Committee will be 2013.

**18. If a Director was appointed as a Member of the Committee and later he was appointed as the Chairman of the Committee, what will be the date of appointment?**

Reply: If a director was appointed as a Member of the Committee and later in the reconstitution of the Committee, he/she is appointed as the Chairman of the Committee, the date of appointment will be the date of appointment as the Member of the Committee. However, the company shall mention in the notes section about the change of the Chairperson in the committee (including the date of recategorization of member as Chairperson or vice versa).

**19. Mr. X is the member in Stakeholder Committee and Audit Committee and Chairman in Audit Committee. In how many Committees he will be member and Chairman?**

Reply: In the above case Mr. X will be Member in 2 Committee and Chairman in 1 Committee i.e. the membership count will include the count in which the director is Chairman.

**20. What is considered as term “Year” under the Regulations 21(3A) of Risk Management Committee?**

Reply: Under the Regulations 21(3A) of Risk Management Committee, the term “Year” should be used as “Financial Year” and not “Calendar year”.

**21. What should be included in the category of Composition of Risk Management Committee for a Non-Board Member, if any?**

Reply: Companies should ensure that correct Category i.e the designation of the Non-Board Member in the Company to be provided in the category of the Composition of Risk Management Committee.

*Wrong category like “Not a director, Member etc.” shall not be mentioned.*

**22. What should be the composition of Audit, Nomination & Remuneration and Stakeholders Relationship Committee?**

Reply : On perusal of the respective regulations from SEBI LODR, 2015, the Committees is to be formed by Board members of the Company.

- Regulation 18 (a), (b), (c) and (d) of SEBI LODR provides for formation of Audit

Committee wherein it states that “The audit committee shall have minimum three directors as members”, “At least two-thirds of the members of audit committee shall be independent directors [and in case of a listed entity having outstanding SR equity shares, the audit committee shall only comprise of independent directors]” and “All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise” and the chairperson of the audit committee shall be an independent director.

- Regulation 19 (a), (b) and (c) of SEBI LODR provides for formation of Nomination and Remuneration Committee wherein it states that “the committee shall comprise of at least three directors”, “all directors of the committee shall be non-executive directors” and at least two-thirds of the directors shall be independent directors”.
- Regulation 19 (2) of SEBI LODR provides that the Chairperson of the nomination and remuneration committee shall be an independent director: Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.
- Regulation 20(2) & (2A) of SEBI LODR provides for formation of Stakeholders Relationship Committee wherein it states that the chairperson of the committee shall be a non-executive director and “At least three directors, with at least one being an independent director”, shall be members of the Committee”.

The intent of the all the above-mentioned regulations is to constitute the committee with the Board of Directors as the members of the Committees.

- Regulation 21(2) & (3) of SEBI LODR provides for formation of Risk Management Committee wherein it states that 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 and 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.

The intent of the all the above-mentioned regulations is to constitute the committee with the Majority of Board of Directors as the members of the Committees.



### **Part- III: Meeting of Board of Directors**

- 23. What is to be mentioned in the table Annexure 1- Meeting of Board of Directors in the field of ‘Total Number of Directors as on date of the meeting’?**

Reply: Under the heading ‘Total Number of Directors as on date of the meeting’ listed entity shall provide Total Number of Directors forming part of the Board as on the date of meeting.

- 24. Who should be selected as the Chairperson of the Company in case where there is no regular Chairperson in board/committee Meetings?**

Reply: The person who chaired the latest board/committee Meeting should be selected as the Chairperson of the Company.

### **Part- IV: Meeting of Committees**

- 25. What is to be mentioned in the table Annexure 1- Meeting of Committees**

- a. In the field of ‘Total Number of Directors in the Committee as on date of the meeting’**

Reply: Under the heading ‘Total Number of Directors in the Committee as on date of the meeting’ listed entity shall provide total number of directors forming part of Committee **as on the date of meeting.**

- b. In the field of ‘Number of Directors present (All directors including Independent Director)’**

Reply: Under the heading ‘Number of Directors present (All directors including Independent Director)’, listed entity shall **provide total number of directors forming part of the committee as on the date of Meeting and were present in the meeting.**

- c. In the field of ‘Number of Members attending the Meeting (Other than Board of Directors)’**

Reply: Details in the field of ‘Number of Members attending the Meeting (Other than Board of Directors)’ is required to be provided for Risk Management Committee only.

**For other Committees (i.e Audit committee / Stakeholders relationship committee / Nomination and Remuneration Committee), kindly mention “0”.**

Example.: If the Risk Management Committee of the company ABC Ltd. comprises of 4 members and out of 4 members 3 are Directors i.e., forming the part of the Board of Directors and 1 is a non-Board member, then in the column of “Number of Members attending the Meeting (Other than Board of Directors)” details of non-Board member(s) shall be mentioned i.e., 1.

**d. Do we mention Invitees who are attending Committee Meetings in the field of ‘Number of Members attending the Meeting (Other than Board of Directors)’**

Reply: No, the Company is not required to fill the details of invitees who are attending the Committee Meetings.

**26. Who should be selected as the Chairperson of the Company in case where there is no regular Chairperson in board/committee Meetings?**

Reply: The person who chaired the latest board/committee Meeting should be selected as the Chairperson of the Company.

**Part- V: Others**

**27. Can we upload the XML file of BSE for Corporate Governance?**

Reply: Yes, XML file generated from BSE utility file can be uploaded in NEAPS. Further in case of any problem faced while uploading you may email the error on [nsexbrl@nse.co.in](mailto:nsexbrl@nse.co.in) and [bse.xbrl@bseindia.com](mailto:bse.xbrl@bseindia.com).

**28. Can a revised submission of the Corporate Governance Report be submitted by the company?**

Reply: Yes, a company can revise the record of already submitted Corporate Governance Report along with the detailed reason for the said Revision.

**29. To which entities disclosure under Annexure IV is applicable?**

Reply: Disclosure under Annexure IV of the format of Compliance report on Corporate Governance by the Listed Entities as per the SEBI Circular SEBI/HO/CFD/CMD-2/P/CIR/2021/567 dated May 31, 2021, excludes any loan (or other form of debt), guarantee / comfort letter (by whatever name called) or security provided in connection with any loan or any other form of debt;

- a. by a government company to/ for the Government or government company
- b. by the listed entity to/for its subsidiary [and joint-venture company] whose accounts are consolidated with the listed entity.
- c. by a banking company or an insurance company; and
- d. by the listed entity to its employees or directors as a part of the service conditions.

Thus, for the entities other than above, Applicable shall be selected against “Applicability of disclosure” while providing submission of Disclosure under Annexure IV.

If no transaction(s) is/are accounted by the company till the date of submission of the Corporate Governance Report, then the Disclosure under Annexure IV may be submitted NIL with Details.

**30. What to select against Affirmation of Disclosure under Annexure IV if the company is submitting the same with NIL details?**

Reply: If the company is submitting Disclosure under Annexure IV with NIL details, then the Compliance Status under Affirmations of disclosure in Annexure IV shall be mentioned as “YES” along with company remarks.

**31. What should be the denomination used for providing the details for disclosure under Annexure IV?**

Reply: Denomination used should be in “**Rupees**” for disclosure under Annexure IV i.e., the amount shall be provided in Rupees and not in any other denomination like Thousands, Lakhs, Crores etc.

***This circular supersedes all the previously issued FAQs to the listed entities with respect to the submission of Corporate Governance Report.***