NOTICES

Notice No.	20250423-37	**Notice Date**	23 Apr 2025
Category	Circulars Listed Companies	**Segment**	General
Subject	FAQs on SEBI (LODR) Regulations 2015		
Attachments	FAQ on LODR Regulations 2015.docx		

Content

Dear Sir \ Madam

The Securities and Exchange Board of India (SEBI) has issued FAQs on SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated December 12, 2024, and SEBI Circular dated December 31, 2024, on implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities.

FAQs are available under the Legal Framework Section of SEBI website.
https://www.sebi.gov.in/sebi_data/faqfiles/apr-2025/1745399101865.pdf

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

Manu Thomas
Addl. General Manager-Listing Compliance

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भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

FAQs for LODR Regulations

DISCLAIMER *• This is not a legal document. • These FAQs have been prepared to provide guidance on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (" LODR", and circulars issued there under. For full particulars of laws governing listed entities, please refer to the Acts/Regulations/Guidelines/Circulars etc. appearing under the Legal Framework Section of SEBI website i.e., www.sebi.gov.in and the websites of respective recognized stock exchanges • The contents of these FAQs are updated as on April 23, 2025.*

Section – I

FAQs on SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 dated December 12, 2024 and SEBI Circular dated December 31, 2024 on implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities

1. **Is it mandatory to disclose balance sheet and cash flow statements as part of financial results submitted under the format for Integrated Filing (Financial)?**

Ans. Yes, in terms of regulation 33(3)(f) of the LODR Regulations, the half-yearly disclosure of financial results shall include a statement of assets and liabilities as at the end of the half-year and cash flows for the half-year.

2. **Can the record date under regulation 42(2) of the LODR Regulations be the same date on which the board of directors of a listed entity is scheduled to meet to take a decision on a corporate action specified in regulation 42(1) of the LODR Regulations?**

Ans. No. The minimum gap specified in regulation 42(2) shall be after board or shareholder approval, as applicable, for the specific corporate action.

3. **Is it mandatory to publish QR code in the newspaper advertisement for financial results in terms of 47(1) of the LODR Regulations?**

Ans. Yes. The Quick Response code and the details of the webpage where complete financial results of the listed entity are available need to be mandatorily published in the newspaper advertisement. It is optional for the listed entities to publish financial results as per Annexure 9 of SEBI Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 on compliance with the provisions of SEBI (LODR) Regulations, 2015 in the newspaper.

4. **What is the applicability of the SEBI LODR (Third Amendment) Regulations, 2024 read along with SEBI Circular dated December 31, 2024, for the Secretarial Auditor appointed for the financial year 2024-25?**

Ans. The appointment, re-appointment or continuation of the Secretarial Auditor of the listed entity w.e.f April 1, 2025 shall be in compliance with the amended regulation 24A of the LODR. Further, any association of the individual or the firm as the Secretarial Auditor of the listed entity before March 31, 2025 shall not be considered for the purpose of calculating the tenure of Secretarial Auditor under the LODR regulations.

Therefore, a Secretarial Auditor appointed for the Financial Year 2024-25 can sign the Secretarial Audit Report and / or Secretarial Compliance Report to be issued for that particular Financial Year.

5. **Whether the services contained in Annexure 2 of SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024, rendered by a Practicing Company**

Secretary to the listed entity before March 31, 2025 will have an effect on his/ her eligibility to be appointed as Secretarial Auditor?

Ans. The individual / firm proposed to be appointed as Secretarial Auditor shall not have incurred any disqualifications specified by the Board and shall not provide any services specified by the Board. Therefore, the individual / firm cannot be providing such prohibited services from the time of consideration of appointment by the Board of Directors of the listed entity.

6. What will be the term of appointment of Secretarial Auditor?

Ans. The term of appointment shall be as under:

(i) an individual i.e., a Company Secretary in Practice practicing in his own name without obtaining a firm name or as a Sole Proprietorship firm by whatever name called and duly registered with the Institute of Company Secretaries of India (ICSI), can be appointed as Secretarial Auditor **for not more than one term of five consecutive years;** or

(ii) a Secretarial Audit firm i.e, a Partnership firm or Limited Liability Partnership (LLP) duly registered with ICSI , can be appointed as Secretarial Auditor **for not more than two terms of five consecutive years.**

Further, the tenure of appointment of Secretarial Auditor cannot be for a period less than five years.

7. A Firm has been appointed as Secretarial Auditor for a period of 3 years w.e.f April 1, 2023 up to March 31, 2026. Whether fresh appointment of Secretarial Auditor needs to be done due to insertion of Regulation 24A(1A) to the LODR regulations which has to be mandatorily complied from April 1, 2025?

Ans. Yes, the appointment of Secretarial Auditor needs to be done at the Annual General Meeting for the period starting from the financial year 2025-26. Any association of the individual or the firm as the Secretarial Auditor of the listed entity before March 31, 2025 shall not be considered for the purpose of calculating his/ her tenure.

Based on queries received, it is clarified that shareholder approval for fresh appointment under the revised provisions can be taken in the first AGM held after April 1, 2025.

8. The LODR regulations states that Secretarial Auditor means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit. What does the term firm denote for the purpose of this regulation?

Ans. Firm of Company Secretaries shall include LLP and Partnership firm. Considering the intent, the Sole Proprietorship whether or not having firm name shall be treated as individual Company Secretary in Practice for the purpose of Secretarial Audit.

9. What are the services that can be rendered by a Secretarial Auditor to the listed entity?

Ans. All Reports, Returns and Certificates which are allowed to be certified or issued under any applicable law or rules or regulations by a Practicing Company Secretary and which does not result in conflict of interest with the duty as a Secretarial Auditor of the listed entity can be rendered by the Secretarial Auditor.

The detailed list of services that can/ cannot be rendered by a Secretarial Auditor to the listed entity or its holding entity or subsidiary entity shall be specified by ICSI. Further, the list of services that are prohibited as given in Annexure 3 to the SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 and cannot be rendered are as under:

i)	Internal Audit
ii)	Design and implementation of any compliance management system, information system, policy framework, systems or processes for compliance;
iii)	Investment advisory services
iv)	Investment banking services
v)	Rendering of outsourced compliance management, record keeping & maintenance services
vi)	Management Services*
vii)	Any other kind of services as may be specified from time to time

***Management Services** has to be taken as services (performed by the secretarial auditor) for the management, either (a) in the form of doing actions/functions that would otherwise have to be done/undertaken by the management; or (b) providing any kind of support (inclusive of analysis, research, advice etc.) that is required by management for the performance of those actions/functions.

All activities carried out by a company are pursuant to actions / functions of the management of that company. As a result of the above definition, advising the management on any activity of a company would get classified as management services to that company.

The Secretarial Auditor is allowed to render all other non-prohibited services that is permissible to be rendered with the approval of Board of Directors of a listed entity.

10. Whether a common Secretarial Auditor can be appointed for both the Listed Entity and its material unlisted subsidiary? Whether approval of holding entity is required?

Ans. Yes, there is no prohibition on such appointment. Further, the LODR Regulations does not require approval of the holding entity for a Secretarial Auditor appointed by its material unlisted subsidiary.

11. Mr. B, a Practicing Company Secretary, bought a car financed at Rs. 20,00,000/- by ABC Bank Ltd., a scheduled commercial bank, whether Mr. B is eligible to be appointed as Secretarial Auditor of the ABC Bank Ltd.?

Ans. A Practicing Company Secretary or a firm shall not be indebted to the listed entity and its

related entities for an amount exceeding Rs. 5 lakhs. However, commercial transactions which are in the ordinary course of business of the listed entity and at arms' length price are exempted in terms of Annexure 2 of SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024.

In the given case, if Mr. B's loan is in the ordinary course of business and is in arms' length, then Mr. B shall not be disqualified from being appointed as Secretarial Auditor of ABC Bank Ltd.

Section II - MINIMUM PUBLIC SHAREHOLDING

Section VI-A of SEBI MASTER CIRCULAR DATED November 11, 2024 IN RESPECT OF MANNER OF ACHIEVING MINIMUM PUBLIC SHAREHOLDING

1. **Is approval of SEBI required for sale of 2% shares in accordance to the terms of the Master Circular?**

Ans. No prior approval of SEBI is required for adopting open market sale provided that all the conditions with respect to the open market sale mentioned in Section VI-A of Chapter VI of the said Master Circular dated November 11, 2024 are fulfilled by the listed entity and / or promoter / promoter group entities.

2. **For calculating 5 times' average monthly trading volume of scrip of the listed entity, what should be the period considered for calculating the average? In case the company is listed in more than one stock exchange, trading volume of which stock exchange should be considered for calculating average monthly trading volume?**

Ans. For calculating 5 times' average monthly trading volume of scrip of the listed entity, a period of 12 months preceding the date of announcement of the open market sale shall be considered.
The aggregate trading volume of all the stock exchanges, where the entity is listed, shall be considered.

3. **In case, the number of shares arrived at by calculating 5 times the average monthly traded volume is less than 2% of the total paid up share capital of the listed entity, can the listed entity keep selling till it reaches the cap of 2%?**

Ans. No, the limit of the total number of shares to be sold shall be up to 2% of the total paid up share capital of the listed entity or five times' average monthly trading volume, whichever is lower.

4. **In case the proposed sale is not completed due to lack of demand, can the formula for calculating the number of shares to be sold by promoters/promoter group in open market be applied again?**

Ans. The limit of total number of shares to be sold by promoters/promoter group, which is calculated at the time of first announcement only shall be taken into account. However, the promoters/promoter group of the listed entity can sell the shares in multiple tranches provided the aggregate number of shares to be sold is within the overall limit of 2% of the paid up capital of the listed entity or 5 times' average monthly trading volume of scrip of the listed entity, whichever is lower. For instance, if the limit of number of shares is 10,000 shares (as calculated on the basis of 2% of the paid up capital of the entity or five times' average monthly trading volume of the scrip, whichever is lower) at the time of making first announcement, then the promoter/promoter group of the entity can sell only up to 10,000 shares during the entire exercise either in one or multiple tranches.

5. **Can promoter(s) / promoter group of any listed entity use the option to dilute upto 5% of the paid-up capital of the listed entity during a financial year?**

Ans. This method can be used by the promoter(s) / promoter group of a listed entity only if, at the time of announcement, the following conditions are satisfied:

i. The listed entity has time to achieve MPS compliance as per the SCRR
ii. public shareholding in the listed entity is atleast 20% and
iii. promoter / promoter group have not previously used the option to dilute upto 2% of the paid-up capital of the listed entity every financial year as per method 7(i) of section VI-A of the said Master Circular dated November 11, 2024.

6. **What is the time period for completing one-time dilution of 5% of the paid-up capital of listed entity?**

Ans. The one-time dilution of upto 5% of the paid-up capital of listed entity can be done in a single tranch or in multiple tranches not exceeding a period of 12 months from the date of such announcement. The number of shares to be diluted shall not exceed the average trading volume of the shares of the listed entity during the preceding 12 months from the date of such announcement.

7. **What does the term 'financial year' mean for the purpose of open market sale?**

Ans. The term 'financial year' for the purpose of open market sale shall be the period starting from 1st April of a particular year to 31st March of the subsequent year, irrespective of the financial year being followed by a listed entity for the purpose of preparing annual financial statements.

8. **Can an announcement for open market sale made in terms of the said Circular be withdrawn?**

Ans. No, once a listed entity announces the intention of its promoter(s) / promoter group to do an open market sale in terms of section VI of the said Master Circular dated November 11, 2024, the same cannot be withdrawn.

Section – III

LODR Regulations

A. Definitions

1. **Regulation 2(1)(b) of LODR defines an 'associate company' to mean any entity which is an associate under the Companies Act, 2013 or under the applicable accounting standards. Whether both conditions have to be met or either of the two?**

Ans. The definition of associate company should be viewed under the Companies Act, 2013 as well as Accounting Standards. If the condition is met under either of the two, then such entity should be classified as an associate company.

2. **Regulation 2(1) (zb) of LODR defines the term 'Related party' to mean related party under the Companies Act, 2013 or under the applicable Accounting Standards. Whether both conditions have to be met or either of the two?**

Ans. The definition of related party should be viewed under the Companies Act, 2013 as well as Accounting Standards. If the condition is met under either of the two, then such party should be classified as a related party. Further, any person or entity forming a part of the promoter or promoter group of the listed entity; or any person or any entity holding equity shares of 10% or more in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

B. Common Obligations of Listed Entities

3. **Regulation 9 requires a listed entity to frame a policy for preservation of documents approved by its board of directors, classifying them into the documents that can be preserved permanently or can be preserved for a period of not less than eight years after completion of the relevant transactions. What types of documents are covered under this regulation?**

Ans. The documents preserved in terms of Regulation 9 include documents required to be preserved by a listed entity in terms of securities laws defined under Regulation 2(1) (zf) and other laws and statutes applicable to such listed entity.

C. Corporate Governance

4. **Can the listed entity's regular chairperson chair meeting of its Nomination and Remuneration Committee which does not have a regular chairperson?**

Ans. No, as per the provisions of Regulation 19(2) of LODR the chairperson of the board of the listed entity shall not chair Nomination and remuneration committee.

5. **Whether listed entity shall obtain a separate no-objection letter (NOL) of the recognized stock exchange if any subsequent change(s) occur post obtaining NOL under Regulation 31A of LODR.**

Ans. Yes, as per the proviso to regulation 31A(3)(a)(vii), the listed entity shall seek separate approval of the recognized stock exchange for effecting reclassification if there are change(s) in the facts and circumstances of the case after receipt of no-objection letter from the recognized stock exchanges.

6. **What are the scenarios wherein no-objection letter of the recognized stock exchange (NOL) is not required for reclassification under Regulation 31A of LODR?**

Ans. NOL is not required wherein reclassification is done in terms of sub-regulation 9 (as per resolution plan or pursuant to an order of a Regulator) or sub-regulation 10 (pursuant to open offer or a scheme of arrangement) of regulation 31A of the LODR subject to compliance with the conditions mentioned therein.

7. **Regulation 17(8) of LODR requires a compliance certificate to the Board of directors by Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Whether the Managing Director or Whole Time Director may certify the compliance certificate, when the listed entity has not designated a CEO?**

Ans. Such certificates may be signed by the officials who hold powers, duties and responsibilities of a CEO/ CFO irrespective of their designations.

8. **Regulation 23 (4) of LODR provides that all material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. In this regard, whether only those related parties who are related to the concerned transaction/ contract should not vote to approve or whether related parties should altogether not vote to approve such transaction?**

Ans. The requirement under Regulation 23(4) of LODR is applicable for listed entities subject to the provisions of Regulation 15. Hence, for applicable entities, the regulations clearly provide that all material related party transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party for the particular transaction or not.

9. **Regulation 24(1) of LODR prescribes having at least one independent director on the board of directors of the listed entity as a director on the board of directors of 'unlisted material subsidiary, incorporated in India or not'. Sub-regulations (2), (3) and (4) to the same regulation refer to 'unlisted subsidiary'. Whether such sub-regulations (2), (3) and (4) are applicable to all unlisted subsidiaries or only material unlisted subsidiaries incorporated in India?**

Ans. Listed entities may be guided by the provisions of Regulation 24. Wherever 'unlisted material subsidiary' and 'unlisted subsidiary' have been distinctly mentioned in a particular sub-regulation, such sub-regulation shall be applicable to material unlisted subsidiaries or all unlisted subsidiaries as the case may be.

10. **Regulation 24 (4) of LODR requires that the management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary. Whether the requirement is applicable only to the material unlisted subsidiary?**

Ans. The requirement is applicable to all unlisted subsidiaries.

11. **Regulation 26(1) of LODR stipulates that 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. Clause (a) to the aforesaid sub-regulation requires membership on committees that a director serves in all public limited companies, whether listed or not, to be included for determining the count of committee membership/ chairmanship for sub-regulation (1) and excludes membership on committees of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Whether a director can be committee member for ten listed entities only or the same includes unlisted public companies as well?**

Ans. A director of a listed entity can be member in maximum ten committees and chairperson of not more than five committees of listed entities and unlisted public limited companies put together.

D. Disclosure of Events or Information

12. **Regulation 30(9) of LODR requires disclosure of all events and information with respect to subsidiaries which are material. If both parent and subsidiary are listed entities, would it be sufficient compliance if the listed subsidiary has made a disclosure or whether same disclosure be made by the parent listed entity also?**

Ans. Both the parent and material subsidiary in their own right as Listed Entities have to make disclosure separately as applicable under Listing Regulations.

13. **Regulation 16 (1)(c) of LODR defines material subsidiary as - "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year." The Explanation to Regulation 16 (1)(c) states that the listed entity shall formulate a policy for determining material subsidiary. Can the listed entity adopt a different criterion for determining material subsidiary for the purpose of Regulation 30 (9)?**

Ans. The definition of 'material subsidiary' under regulation 16(1)(c) defines a subsidiary that is material to the listed entity. Further, the explanation to the aforesaid provision allows the

listed entity to formulate a policy for the same, i.e., a listed entity can develop criteria that is stricter than what has been provided in the Regulations. Regulation 30(9) requires the listed entity to disclose all events or information with respect to subsidiaries which are material for the listed entity. The said sub-regulation places stress on materiality of the events or information. Therefore, disclosure would be required in cases where the event or information originating from a subsidiary is material to the listed entity, irrespective of whether such a subsidiary is material or not as per the definition provided at regulation 16(1)(c).

14. **Schedule III Part A, Para A, sub-para 1(ii)(a) requires disclosures on acquisition or agreements to acquire shares or voting rights in a company, whether directly or indirectly, such that the listed entity holds shares or voting rights aggregating to twenty per cent or more of the shares or voting rights in the said company. Whether the disclosure is with respect to acquisition of shares or voting rights when the target company is a listed entity only or whether it is applicable to unlisted entities also?**

Ans. The Schedule refers to the listed entity's acquisition of shares or voting rights in the company. Such target company can be listed or unlisted.

15. **What can be considered for calculating the materiality threshold for a newly formed company for demerger purpose having no track record for calculation of materiality thresholds as required under Regulation 30(4)(i)(c)**

Ans. For the newly formed and listed demerged company, the materiality of events or information can be determined on the basis of the financials of the demerged business till the time the financials of the new entity is available to determine the threshold as per the requirement.

E. Shareholding Pattern

16. **Can any Individual or an entity can be identified under any two categories in Shareholding Pattern?**

Ans. No, an Individual or an entity can only be identified under one category in the Shareholding Pattern as shareholding is to be consolidated on the basis of PAN of the individual / entity. In other words, any shareholder can belong to either Promoter and Promoter group OR Public OR Non-Promoter Non-Public Category.

17. **Can the name of the promoter(s)/promoter group(s) be removed from the Shareholding Pattern in case the Shares are transferred/sold?**

Ans. The name of the promoter/promoter group can be removed only after following the due process for reclassification as specified in regulation 31A of the LODR Regulations. Further, listed entities shall continue to disclose the names of such promoter(s)/promoter group(s) entities till completion of the said process.

18. **How to distinguish a deceased person in shareholding pattern in case Promoter/Promoter Group is Individual?**

Ans. In an event of demise of an individual belonging to Promoter or Promoter Group where the shares held by such individual are not transmitted to the legal heir as on the end of the quarter, the listed entity should disclose detailed notes for the same in the shareholding pattern. Upon transmission of the shares to the legal heir(s), the listed entity can exclude names of the Late Promoter/Promoter Group(s) individual from the forthcoming shareholding pattern and include the name of legal heir. While including the name of a legal heir the Listed entity should mention detailed notes about the transmission of shares. Further, till the time shares are not transmitted to the legal heir, the name(s) of deceased person with a prefix “Late” should be disclosed in Promoter/Promoter Group(s) while filing shareholding pattern with the Stock Exchange.

19. **Should any Individual or any Entity to be added in Promoter or Promoter Group category in Shareholding Pattern even if such person is not holding any share(s) in the listed entity but forming part of Promoter or Promoter Group category**

Ans. Yes, any Individual or any Entity forming part of the Promoter or Promoter Group category as defined in Regulation 2 of SEBI (ICDR) Regulations, 2018 irrespective of his holding in the listed entity shall be disclosed under the Promoter and Promoter Group category in Shareholding Pattern.

20. **Whether any listed entity is required to file shareholding pattern under Regulation 31(1) (c) of the SEBI (LODR) Regulations, 2015 wherein resolution plan is approved, and reduction of capital has taken place.**

Ans. Yes, as per Regulation 31(1) (c) of the SEBI (LODR) Regulations, 2015 any listed entity within ten days of its capital restructuring resulting in a change exceeding two per cent of the total paid-up share capital shall file a shareholding pattern.

F. Financial Results

21. **Under Regulation 33(3), for submission of financial results for the last quarter, whether Unaudited Results can be submitted to the Exchanges?**

Ans. Regulation (33) (3)(d) clearly states that the listed entity shall file audited annual results within 60 days from the end of the financial year along with audit report and Statement of Impact of Audit Qualifications, if applicable. Further, regulation 33(3)(e) also states that the listed entity shall submit the audited or limited reviewed financial results in respect of the last quarter along-with the results for the entire financial year. Therefore, the financial results for the last quarter shall be audited or limited reviewed.

22. **Regulation 33 (3)(d) requires a listed entity to submit audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and statement on impact of audit qualifications (applicable only**

for audit report with modified opinion) or declaration (applicable only for audit report with unmodified opinion). However, for listed entities having subsidiaries whether statement on impact of audit qualification or declaration have to be prepared separately for standalone and consolidated results?

Ans. A listed entity that has modified/qualified opinion in both standalone and consolidated financial results is required to submit separate statement on impact of audit qualifications for standalone and consolidated financial results. If either of the financial results (standalone or consolidated) has modified/qualified opinion, then the listed entity must submit statement on impact of audit qualifications only for those financial results.

Further, if the listed entity has submitted standalone and consolidated financial results with unmodified opinion, then the listed entity can submit a common declaration of unmodified opinion for standalone and consolidated financial results.

23. **Who is authorized to sign the financial results submitted by the Listed entity listed entity to the Stock Exchange?**

Ans. As per Reg. 33(2)(b), the financial results submitted to the stock exchange shall be signed by the chairperson or managing director, or a whole-time director or in the absence of all of them it shall be signed by any other director of the listed entity who is duly authorized by the board of directors to sign the financial results. In case the director who is authorised by the board of directors has signed the financial results then the authorization documents or a disclosure declaration in this regard is required to be provided in the notes to the financial Results along with financial results.

F. Other Clarifications

24. **Regulation 35 requires the listed entity to submit to the stock exchange(s) an Annual Information Memorandum in the manner specified by the Board from time to time. Since the Regulations do not currently specify the applicable date and the manner, is the said provision currently applicable?**

Ans. As mentioned, in the regulation, the said requirement will become applicable as and when Annual Information Memorandum is specified by SEBI.

25. **As per Regulation 46(2)(n), the listed entity is required to disseminate on its website details of agreements entered into with the media companies and/or their associates, etc. In this regard, should the listed entity disclose all agreements entered into with media companies/ their associates including ordinary agreements or disclose only such agreements that are not in the normal course of business as required under item 5 of paragraph A of part A of Schedule III of LR?**

Ans. It is clarified that only such agreements that are not in the normal course of business shall be disclosed. Listed entities may refer to SEBI Press Release No. 200/2010 dated August

27, 2010 and Press Council of India Press Release No. PR/3/10-11-PCI dated August 02, 2010 wherein concerns related to 'private treaties' and their disclosures have been discussed in detail.

26. Regulation 46 (3) requires listed entity to update any change in the content of its website within two working days from the date of such change in content. Whether change in the content of website means any change on the website?

Ans. Regulation 46(2) prescribes the list of information to be disseminated by a listed entity on its website. Regulation 46 (3) refers to the update of any change in the content which is provided as per the requirements of Regulation 46 (2).

Section – IV

Disclosure of Information Related to Forensic Audit of Listed Entities

Relevant Extract [In Schedule III, in Part A, under the Clause Para A, sub-clause 17 of SEBI LODR Regulations]

"17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;

b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any."

1. **Whether forensic audits initiated by the listed entity are to be disclosed under sub-clause 17?**

Ans. The fact of initiation of any forensic audit, (or an audit by whatever name called), by the management of listed entity, lenders, regulatory / enforcement agencies for the purpose mentioned at point 1 above, are required to be disclosed.

2. **Whether sub-clause 17 applies to ongoing audits?**

Ans. The law has prospective effect. Hence, it applies to all audits which are initiated and/or audit reports which are finalized after October 8, 2020.

3. **What details may be expunged from the disclosure of the final forensic audit report?**

Ans. In the disclosure of the final forensic audit report, any personally identifiable information including names of individuals and commercially sensitive information, if any, may be expunged.

Section – V

Business Responsibility and Sustainability Report (BRSR) Core

Section IV-B of SEBI MASTER CIRCULAR DATED November 11, 2024 IN RESPECT OF Business Responsibility and Sustainability Reporting by listed entities

1. **Does the assurance or assessment provider need to be a Chartered Accountant?**

Ans. Assurance or assessment of the BRSR Core is profession agnostic and need not necessarily be undertaken by a Chartered Accountant. The Board of the listed entity shall ensure that the assurance or assessment provider (hereinafter 'assurance or assessment provider' shall be referred to as "**AP**") appointed for assuring or assessing the BRSR Core has the necessary expertise for undertaking assurance or assessment in the area of sustainability.

2. **What activities / services by an AP (for the BRSR Core) can lead to conflict of interest?**

Ans. The Master Circular, read with SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025, lays down the over-arching principle that there should not be any conflict of interest with the assurance or assessment provider appointed for assuring the BRSR Core. In case an AP sells its products or offers any non-audit or non- assurance or non-assessment services to a listed entity or its group entities, irrespective of whether the nature of the product / service is financial or non-financial, it will not be eligible to undertake assurance of the BRSR Core.

3. **What activities can be undertaken by an assurance provider for the BRSR Core?**

Ans. Activities that are in the nature of audit / assurance such as providing third-party certifications, tax audit, system audit and tax filing etc. can be undertaken by an assurance provider for the BRSR Core for the listed entity or its group entities, if the listed entity determines that they do not pose any conflict of interest or compromise the independence of the assurance provider.

However, activities such as risk management, project management, management and consulting services, investment advisory services, investment banking services, design and implementation of information systems, rendering of outsourced financial services, actuarial services, accounting and book keeping services cannot be undertaken by an assurance provider for the BRSR Core for the listed entity or its group entities. It may be noted that this is an indicative and not an exhaustive list.

4. Can the internal auditor of a listed entity or its group entities, be appointed as assurance provider for the BRSR Core?

Ans. No, the internal auditor of a listed entity or its group entities, cannot be appointed as the assurance provider for the BRSR Core.

5. Can the statutory auditor of a listed entity be appointed as assurance provider for the BRSR Core?

Ans. Yes, the statutory auditor of a listed entity can be appointed as the assurance provider for the BRSR Core subject to compliance with various requirements for APs such as competence and independence, as detailed in the Master Circular.

6. What is the meaning of the term "group" that is referred in the above Circular?

Ans. For the purpose of this Circular, the term "group" means the holding company, subsidiaries, associates and joint ventures of the listed entity.

7. Which entities would be considered as "associate" of an assurance or assessment provider?

Ans.

7.1. In case the AP is a firm or a corporate entity, its associate would include any of its partners, its parent, subsidiaries, associates, and any entity in which the AP, its parent or partner has significant influence or control. In case of a Chartered Accountant firm, "associate" shall also include all entities in the network firm / network entity of which the AP is a part.

7.2. In case the AP is an individual, associate shall include any immediate relative (as defined in Companies Act, 2013) of the person, and any entity in which such individual/s has significant influence or control.

8. Which assurance or assessment standard should be followed by an assurance provider for the BRSR Core?

Ans. The Master Circular does not mandate or recommend the use of any specific assurance standard. The assurance provider may appropriately use a globally accepted assurance standard on sustainability / non-financial reporting such as the International Standard on Assurance Engagements (ISAE) 3000, International Standard on Sustainability Assurance (ISSA) 5000 or assurance standards issued by The Institute of Chartered Accountants of India (ICAI), such as Standard on Sustainability Assurance Engagements (SSAE) 3000 or Standard on Assurance Engagements (SAE) 3410 "Assurance Engagements on Greenhouse Gas Statements". Further, disclosure should be made of the assurance standard that is used.

With regard to assessment of BRSR Core, SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025, inter-alia notes that the third-party assessment shall be undertaken as per the standards developed by the Industry Standards Forum (ISF) in consultation with SEBI.

9. Are there any additional guidance or standards prescribed for implementation of the requirement to disclose BRSR Core?

Ans. In order to facilitate ease of doing business and to bring about standardization in implementation, the Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, has formulated industry standards, in consultation with SEBI, for effective implementation of the requirement to disclose BRSR Core.
The industry associations which are part of ISF (ASSOCHAM, FICCI, and CII) and the stock exchanges have published the aforesaid industry standards on their websites.

10. Are ESG disclosures for the value chain voluntary?

Ans. Yes. SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025 inter-alia notes that, "*ESG disclosures for the value chain shall be applicable to the top 250 listed entities (by market capitalization), on a **voluntary basis** from FY 2025-26.*"

11. If a listed entity voluntarily discloses ESG data for its value chain, is third-party assurance or assessment also required?

Ans. No. Both the disclosures and the associated assessment or assurance are voluntary.

12. Are the aforesaid relaxations (i.e. voluntary value chain disclosure and assurance/ assessment thereof) provided only for the first year of applicability?

Ans. No. These relaxations apply from the first year of applicability and shall continue unless modified by SEBI through subsequent circulars or regulations.

13. What is the scope of value chain of a listed entity covered in SEBI provisions for ESG disclosures for value chain?

Ans. SEBI circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025, inter-alia clarifies that, "*value chain shall encompass the top upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity's purchases and sales (by value) respectively. However, the listed entity may limit disclosure of value chain to cover 75% of its purchases and sales (by value) respectively."*

Hence, the listed entity can use the 2% threshold to identify its in-scope value chain partners. An upstream value chain partner individually comprising of more than 2% of the listed entity's purchases will be in-scope. Further, a downstream value chain partner individually comprising of more than 2% of the listed entity's sales will be in-scope. However, as further relaxation, the listed entity may choose to limit its disclosure to cover 75% of its purchases and sales. This approach allows flexibility for entities to focus on their most material value chain partners for ESG disclosures, while maintaining consistency with SEBI's thresholds.

It may be noted that the aforesaid circular also requires that, "*If a listed entity provides ESG disclosures for value chain, then it shall disclose the percentage of total sales and purchases*

covered by the value chain partners, respectively, for which ESG disclosure are provided."

Illustration:

Let's say a listed entity has the following value chain:

Total purchases in FY 2025–26: ₹ 1,000 crore

Total sales in FY 2025–26: ₹ 800 crore

Upstream (Purchases):

Supplier	Value (₹ crore)	% of Total Purchases
A	300	30%
B	200	20%
C	150	15%
D	100	10%
E	50	5%
F	30	3%
G	20	2%
H	10	1%

Starting from the top upstream partners, it can be observed that Partners A to G individually contribute 2% or more and are in-scope. However, cumulatively, partners A to G contribute 98% of purchases, and hence the entity may choose to limit disclosures to the top partners covering 75%, i.e., up to Supplier D.

Downstream (Sales):

Customer	Value (₹ crore)	% of Total Sales
X	250	31.25%
Y	200	25%
Z	120	15%
P	100	12.5%
Q	50	6.25%
R	40	5%
S	20	2.5%
T	10	1.25%

Customers X to S each contribute 2% or more and are in-scope. However, the listed entity may choose to limit disclosures to customers X to P, which together cover over 75% of total sales.

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