

SEBI/CFD/DIL/LA/4/2007/27/12

December 27, 2007

**The Managing Director / Executive Director / Administrators of All
Stock Exchanges**

Dear Sirs,

Sub.: Amendments to Equity Listing Agreement.

1.0 In order to bring more transparency in the governance of a listed company with regard to utilisation of issue proceeds and to enhance availability of and accessibility to the continuing disclosures by listed companies, it has been decided to amend Equity Listing Agreement to provide for the following:

2.0 Monitoring of utilisation of Issue Proceeds:

2.1 As per SEBI (Disclosure and Investor Protector) (DIP) Guidelines, 2000, every issuer company making a public or rights issue of more than Rs. 500 crores is required to appoint an agency to monitor the utilisation of issue proceeds. SEBI has, vide circular dated November 29, 2007 amending the SEBI (DIP) Guidelines, mandated that a monitoring agency shall henceforth be required to file its report with the issuer company instead of with SEBI.

2.2 Presently, clause 49 of Equity Listing Agreement requires the Audit Committee of an issuer company to monitor the utilisation of issue proceeds and to make appropriate recommendations to the Board of the issuer company. It is

therefore felt that even where a monitoring agency has been appointed, the report submitted by such agency may be placed before the Audit Committee of the issuer company, so as to enable the Audit Committee to make appropriate recommendations to the Board of the issuer company. Accordingly, it has been decided to amend clause 49 of Equity Listing Agreement, requiring the issuer company to place the monitoring report filed with it before its Audit Committee.

2.3 Further, every issuer company shall be required to inform material deviations in the utilisation of issue proceeds to the stock exchange and shall also be required to simultaneously make the material deviations / adverse comments of the Audit committee / monitoring agency public through advertisement in newspapers.

3.0 **Electronic filing through Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in**

3.1 SEBI had, vide circular no. SMD/POLICY/Cir-13/02 dated June 20, 2002, introduced a clause in Equity Listing Agreement, which inter-alia mandated electronic filing of certain corporate information through the Electronic Data Information Filing and Retrieval (EDIFAR) system hosted by the National Informatics Centre on behalf of SEBI. It has been decided to phase out EDIFAR gradually in view of a new portal, viz., CFDS put in place jointly by BSE and NSE at the URL www.corpfiling.co.in. CFDS offers a XBRL enabled common platform for listed companies to file their returns with stock exchanges and also a common place for investors to view information related to listed companies.

- 3.2 Accordingly, it has been decided to introduce a new clause viz., Clause 52 in Equity Listing Agreement, requiring listed companies to file information with the stock exchange only through CFDS. Over period, other modes of sending public information to stock Exchanges for compliance with clauses of Equity Listing Agreement shall be dispensed with. The companies, which are mandated to file information through CFDS or have been registered on CFDS on their own volition though not so mandated, need not file information through the EDIFAR system. The companies which have commenced filing through CFDS shall continue to do so through CFDS only.
- 3.3 BSE and NSE (Participating Stock Exchanges), which jointly own and maintain CFDS, shall, in a phased manner, ensure that CFDS is made available to all listed companies for their corporate filings, irrespective of the stock exchange on which the companies are listed. Participating Stock Exchanges shall shortlist companies, based on market capitalization and disseminate and publish the said list from time to time and make it available on the website of the Exchanges as well as on CFDS at the URL www.corpfiling.co.in.
- 4.0 Accordingly, new clauses 43A and 52 shall be inserted in Equity Listing Agreement and existing clauses 49 and 51 of Equity Listing Agreement shall be amended as detailed in the **Annexure I**.
- 5.0 All stock exchanges are advised to:

- 5.1 Give effect to the above mentioned policy amendments and appropriately amend the relevant clauses of Equity Listing Agreement in line with the text of the amendments specified in Annexure I.
- 5.2 Make consequential changes in other clauses of Equity Listing Agreement.
- 5.3 Communicate to SEBI the status of implementation of the requirements of this circular in the next Monthly Development Report.

6.0 **Applicability:**

All Stock Exchanges shall ensure that:

- 6.1 Clause 52 shall be applicable to all those companies whose names shall be specified by the Participating Stock Exchanges from time to time. The first 100 companies identified by the Participating Stock Exchanges, a list of which is available on the websites of the Participating Stock Exchanges, shall make all their submissions through CFDS from the period starting from January 1, 2008. Initially, these companies shall be required to make their submissions to the respective stock exchanges through CFDS, in addition to the modes provided in Equity Listing Agreement, i.e., through fax/courier, etc.
- 6.2 Users are requested to give their feedback on the CFDS at cfdfeedback@nse.co.in and corp.relations@bseindia.com so as to improve the efficiency and effectiveness of the portal.

6.3 All other amendments to Equity Listing Agreement shall come into force with effect from the date of amendment.

7.0 This circular is issued in exercise of powers conferred by sub-section (1) of Section 11, read with sub-section (2) of Section 11A, of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

8.0 This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”.

Yours faithfully

Neelam Bhardwaj

Encl.: Annexure I

Annexure I

1. After clause 43, the following clause shall be inserted, namely:-

“43A. Statement of deviations in use of issue proceeds

- (1) The company agrees to furnish to the stock exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds of a public or rights issue from the objects stated in the offer document.
- (2) Where the company has appointed a monitoring agency to monitor utilisation of proceeds of a public or rights issue and such monitoring agency has pointed out any deviation in the use of the proceeds of the issue from the objects stated in the offer document or has given any other reservations about the end use of funds, the company agrees to intimate the same to the stock exchange, without any delay.
- (3) The information mentioned in sub-clause (1) shall be furnished to the stock exchange along with the interim or annual financial results submitted under clause 41 and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of clause 49.
- (4) The information mentioned in sub-clause (2) shall, after review by the Audit Committee, be furnished to the stock exchange as and when received and shall simultaneously be published in the newspapers.”

2. In clause 49 –

- (a) in sub-clause (II)(D), after item (5), the following new item shall be inserted, namely:-

“5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.”

- (b) in sub-clause (IV)(D), after the words “statutory auditors of the company” and before the words “The audit committee shall make appropriate recommendations”, the following shall be inserted, namely:-

“Furthermore, where the company has appointed a monitoring agency to monitor the utilisation of proceeds of a public or rights issue, it shall place before the Audit Committee the monitoring report of such agency, upon receipt, without any delay.”

3. In clause 51, after sub-clause (3), the following sub-clause shall be inserted, namely:-

- “(4) Notwithstanding anything in sub-clauses (1), (2) and (3), the company need not file on the EDIFAR website, any information, statement or report which has already been

filed on the Corporate Filing and Dissemination System in pursuance of clause 52.”

4. After clause 51, the following clause shall be inserted, namely:-

“52. Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in

(1) The company agrees -

(a) to file on the CDFS, such information, statements and reports as may be specified by the Participating Stock Exchanges in this regard.

(b) that the Compliance Officer, appointed under clause 47(a) and the company shall be responsible for ensuring the correctness, authenticity and comprehensiveness of the information, statements and reports filed under this clause and also for ensuring that such information is in conformity with the applicable laws and the listing agreement.”

(c) to ensure that the electronic filing of information through CFDS, pursuant to compliance with any clause of the listing agreement, shall be done within the time limit specified in the respective clause of the listing agreement.

(d) to put in place such infrastructure as may be required to comply with the clause.

Explanation: For the purposes of this clause –

- (i) The term “Corporate Filing and Dissemination System (CFDS)” shall mean the portal at the URL www.corpfiling.co.in or such other website as may be specified by the participating stock exchanges from time to time to take care of exigencies, if any.
- (ii) The term “Participating Stock Exchanges” shall mean the stock exchanges owning and maintaining CFDS.”
