

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1498
ANSWERED ON:13.12.2013
CORPORATE DISCLOSURES
Ray Shri Saugata

Will the Minister of FINANCE be pleased to state:

- (a) whether Securities and Exchange Board of India (SEBI) has put in place any mechanism to address possible violation of regulations for disclosing key details such as financial results and shareholding data;
- (b) if so, The details thereof and if not, die reasons therefor;
- (b) whether large scale discrepancies are found in the mandatory financial and other corporate disclosures made by listed companies to the stock exchanges and if so, the details thereof and action taken thereon:
- (d) whether SEBI has issued any new guidelines in this regard; and
- (e) if so, the details thereof? ANSWER

Answer

MINISTER OF STATK IN THE MINISTRY OF FINANCE (SHRI NAMO NARA1N MEENA)

(a) & (b): Yes Sir. Listed companies are required to comply with Listing Agreement which is executed by the company with the Stock Exchange, while gelling its securities listed Listing Agreement requires various key disclosures by listed companies, which includes disclosures on financial results and shareholding data. As per the provisions of Securities Contract (Regulation) Act, 1956. Securities Contract (Regulation) Rules. 1957 and Regulations made thereunder, and the Rules and Bye-laws of the relevant Stock Exchange, a company listed on a slock exchange is required to comply with the conditions of lhe Listing Agreement, failing which, trading in the securities of such non-complaint companies is liable for suspension.

(c): Securities and Exchange Board of India (SliBI) has reported thai they have not found any large scale discrepancies in the mandatory financial and other corporate disclosures made by listed companies to the stock exchanges,

(d) and (e): To maintain consistency and uniformity of approach by the stock exchanges for taking action against the lUted entities for non-compliance with certain important listing conditions, such as Clause 31 {non-submission of annual report). Clause 35 (non-submission of shareholding pattern). Clause 41 (non-submission of financial result) and Clause 49 (non-submission of corporate governance compliance report) of the listing agreement, SEBI has prescribed vide its circular dated 30 September 2013. Standard Operating Procedure (SOP) for suspension and revocation of suspension nl trading in the shares. As per SOP, delay in compliance would lead to measures such as imposition of fines, transferring the trading in the shares of the company to separate category, freezing of shares of the promoter and promoter group and finally to suspension of trading in the shares of the company. Further, vide its circular dated 18 November 2013. SEUI mandated the Stock Exchanges to put in place appropriate framework to effectively monitor the adequacy and accuracy of the disclosures made by listed companies and for handling complaints related to such inadequate and inaccurate disclosures and non-compliances.