

**FORMAT OF COMPLIANCE REPORT ON CORPORATE  
GOVERNANCE BY LISTED ENTITIES**

Securities and Exchange Board of India (SEBI) has issued Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/567 dated 31<sup>st</sup> May, 2021 to provide ***“Format of compliance report on Corporate Governance by Listed Entities”***.

As per the provisions of Regulation 27(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with SEBI Circular No. CIR/CFD/CMD/5/2015 dated September 24, 2015 and modified vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/78 dated July 16, 2019, the applicable listed company is required to submit a compliance report on corporate governance as per the prescribed format.

Now, the SEBI has also mandated the disclosure in Compliance Report on Corporate Governance (‘CG Report’) **on a half yearly basis** to bring about transparency and to strengthen the disclosures around loans/guarantees/comfort letters/ security provided by the listed entity, directly or indirectly to promoter/promoter group entities or any other entity controlled by them.

SEBI has specified the format in **Annex –IV to the SEBI Circular dated 31<sup>st</sup> May, 2021** and shall be effective from the first half of financial year 2021-22 i.e. from September, 2021.

Now, the listed entities are also required to submit twice a year, on a half yearly basis (i.e. for Second and Fourth Quarter), the disclosures provided in Annex - IV at the end of every 6 months of the financial year

The format for compliance report on Corporate Governance shall be as under:

- I. Annex - I - on quarterly basis;
- II. Annex - II - at the end of a financial year
- III. Annex - III - at the end of 6 months from the close of financial year.
- IV. Annex - IV - on a half yearly basis (w.e.f. first half year of the FY 2021-22)**

**Important points as per format are as under:**

- a. CEO/CFO of the Company has to affirm that all loans (or other form of debt), guarantees, comfort letters (by whatever name called) or securities in connection with any loan(s) (or other form of debt) given directly or indirectly by the listed entity to promoter(s), promoter group, director(s) (including their relatives), key managerial personnel (including their relatives) or any entity controlled by them **are in the economic interest of the company.**
- b. Transactions relating to 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 entered into by following class of listed companies shall exclude from disclosure in Annexure-IV to CG Report:
  - 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

*For detailed notification and Annexures, please refer the link: [https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities\\_50338.html](https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities_50338.html)*

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**Suggestions may be sent to**  
**[rupesh@cacsindia.com](mailto:rupesh@cacsindia.com)**

**Dr. S. Chandrasekaran | Senior Partner | Chandrasekaran Associates | Company Secretaries 11-F,  
Pocket Four | Mayur Vihar Phase One | Delhi - 110 091 | Tel. +91-11-2271 0514  
[sankara@cacsindia.com](mailto:sankara@cacsindia.com) | [info@cacsindia.com](mailto:info@cacsindia.com) | [www.cacsindia.com](http://www.cacsindia.com)**

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