



## **INTRODUCTION:**

Timely and transparent disclosure of material events is a fundamental aspect of good corporate governance and market integrity. Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") mandates listed entities to promptly disclose material events and information that may influence investors' decisions or impact the securities market.

While listed entities generally maintain strong compliance practices in relation to routine disclosures such as financial results, outcomes of Board meetings, dividend declarations, and corporate restructuring transactions, certain material events continue to be inadvertently overlooked. Such lapses may result in observations from stock exchanges, regulatory scrutiny, monetary penalties, and potential reputational concerns.

In practice, the challenge often lies not in understanding the disclosure requirements, but in identifying events that may not appear significant at first glance yet trigger disclosure obligations under Regulation 30 read with Schedule III of the SEBI LODR.

### **What is considered as Material Event?**

A material event or information refers to any occurrence that may have a significant impact on the operations, performance, reputation, or financial position of a listed entity and could influence the investment decisions of shareholders and investors. Material events are categorised into two:

**a. Events Deemed Material:** Certain events are considered inherently material and require mandatory disclosure without applying any materiality threshold. These include acquisition, merger, demerger, or restructuring; Issue or forfeiture of securities; Change in directors, key managerial personnel, auditors, or compliance officers; Corporate insolvency proceedings; Fraud, defaults, or regulatory actions against the company or its promoters.

**b. Events Subject to Materiality Assessment:** Certain events require the listed entity to assess their materiality based on specified criteria, such as: Impact on business operations or financial position; Significance to investors; Likelihood of affecting the company's reputation or market value.

This article highlights frequently missed material event disclosures that listed entities should closely monitor to strengthen their disclosure framework, enhance regulatory compliance, and promote greater transparency for investors and other stakeholders.

**1. Senior Management Changes:** While listed entities generally disclose changes relating to directors and Key Managerial Personnel (KMPs), similar changes involving senior management are often missed. Under the SEBI LODR Regulations, "senior management" includes members of the core management team one level below the CEO, MD, WTD or Manager, including functional heads and other designated KMPs (excluding directors).



Accordingly, appointments or resignations of such personnel may require disclosure under Regulation 30 of the SEBI LODR Regulations. [*Regulation 30(7)*]

2. **Notices from Environmental Bodies or Operational Bans:** A common compliance gap is the assumption that only final regulatory orders or penalties require disclosure. Under SEBI LODR, listed entities must assess the materiality of regulatory proceedings from their initial stages, as actions such as warnings, cautions, fines, suspensions, sanctions, or operational bans by any regulatory, statutory, enforcement, judicial, municipal, or environmental authority may also require disclosure if material. [*Regulation 30(20)*]
3. **Disclosure of MD/CEO Absenteeism:** If the MD or CEO is unable to perform their role in a regular manner for more than **45 days within a rolling 90-day period**. A common compliance lapse is treating occasional email reviews, digital approvals, or brief virtual participation during prolonged illness as sufficient availability. Such intermittent involvement does not amount to regular discharge of executive responsibilities and may trigger a disclosure obligation. [*Regulation 30(7D)*]
4. **Agreements to which Company is not a party:** When family members, co-founders, or core promoter groups reshuffle their internal dynamics, they often view it as a private, family or closed-door matter rather than a stock exchange event. Material agreements entered into by promoters, promoter group entities, shareholders or related parties that affect the management or control of the listed entity such as family settlement agreements, shareholders' agreements or voting arrangements must be disclosed. A common compliance lapse is assuming that agreements executed to which Company is not a party do not require disclosure, even though they may materially impact the listed entity. [*Regulation 30(5A)*]
5. **New Credit Ratings and Revisions thereto:** Listed entities disclose changes in its credit rating obtained for Equity shares but overlooks ratings assigned to specific instruments such as non-convertible debentures (NCDs), commercial paper (CP), or bank facilities. Also, when a rating is withdrawn after repayment of the debt instrument or at the issuer's request companies often treat this as an administrative action, despite it being a material rating event. [*Regulation 30(3)*]
6. **Announcement or Communication through social media intermediaries:** A frequently overlooked aspect is the requirement to disclose information that is first made available through social media or other public communication channels. The principle is that stock exchanges must receive material information before or at least simultaneously with any public dissemination, so that all investors have equal and timely access to price-sensitive information. For example- A CEO announces a major order on LinkedIn whereas the company has not yet informed the stock exchange about such material order. [*Regulation 30(18)*]



- 7. Re-opening of accounts under Section 130 of Companies Act, 2013:** Listed entities often overlook that the NCLT's order directing the reopening of books of account is itself a material event requiring immediate disclosure under Regulation 30. Disclosure should not be deferred until the revised financial statements are prepared, as investors must be promptly informed that the company's financial statements are under judicial scrutiny.
- 8. Data Breach, Cybersecurity Incident or IT System Failure:** Cyber incidents are increasingly being recognized as material events under Regulation 30. Listed entities should promptly disclose significant data breaches, ransomware attacks, customer data leaks, major IT system failures, or cyberattacks causing operational disruptions, as these incidents can materially impact business operations, regulatory compliance, financial performance, and stakeholder confidence.
- 9. Disclosure of Arrests of Key Management and Promoters:** The promoter of a listed company is arrested by a foreign enforcement agency in connection with allegations of financial fraud unrelated to the listed entity. Despite the matter arising overseas, the arrest may materially affect investor perception and the company's reputation. Accordingly, the listed entity is required to promptly disclose the arrest under Regulation 30. [*Regulation 30(6)*]
- 10. Appointment or discontinuation of registrar to an issue and share transfer agent:** One of the frequently overlooked material events by listed entities is the appointment, re-appointment, resignation, or discontinuation of the Registrar to an Issue and Share Transfer Agent (RTA). As per SEBI (LODR), any change in the RTA arrangement is required to be disclosed to the stock exchanges promptly. Companies often treat such changes as routine operational matters and inadvertently fail to make the necessary disclosure. However, considering that RTAs play a critical role in shareholder services, corporate actions, dematerialisation, and investor grievance redressal, SEBI considers such changes to be material information requiring timely dissemination to investors. [*Regulation 30(8)*]

## Conclusion

The regulatory expectation under Regulation 30 extends beyond the disclosure of obvious corporate actions and financial events. Listed entities are expected to proactively identify, assess, and disclose information that may influence investment decisions or affect the company's operations, governance, or reputation.

As disclosure requirements continue to evolve, companies must adopt a culture of transparency and strengthen internal reporting mechanisms to ensure that material events are neither overlooked nor disclosed belatedly. A proactive disclosure approach not only mitigates regulatory risk but also enhances investor confidence and reinforces the principles of good corporate governance.



### Practical Compliance Tips

To avoid missed disclosures, listed entities should:

1. Establish a robust Materiality Assessment Framework.
2. Conduct periodic training for senior management and functional heads.
3. Create an internal escalation matrix for potential material events.
4. Monitor developments at subsidiary and associate company levels.
5. Maintain a disclosure committee for real-time assessment of events.
6. Review stock exchange observations and SEBI enforcement orders periodically

**Disclaimer:** *This article provides general information existing at the time of preparation and we take no responsibility to update it with the subsequent changes in the law. The article is intended as a news update and Affluence Advisory neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this article. It is recommended that professional advice be taken based on specific facts and circumstances. This article does not substitute the need to refer to the original pronouncement.*

