

**SECURITIES AND EXCHANGE BOARD OF INDIA  
SECONDARY MARKET DEPARTMENT**

Mittal Court, A Wing, Gr. Floor,  
224, Nariman Point, Mumbai 400 021

SMDRP/POLICY/ CIR-42/2000  
September 12, 2000

To:

**The Presidents/Executive Directors/  
Managing Directors of all the Stock Exchanges**

Dear Sir/Madam,

**Amendments to Clause 49 of the Listing Agreement**

Please refer to our circular vide SMDRP/POLICY/CIR-10/2000 dated February 21, 2000 on Clause 49 of the Listing Agreement on Corporate Governance.

It has been decided to make the following amendments to the listing agreement in connection with the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance.

**Amendment to Clause 49(I)(A)**

The following sentence shall be added in the explanation to the sub clause (I)(A).

*"Except in the case of government companies, institutional directors on the boards of companies should be considered as independent directors whether the institution is an investing institution or a lending institution."*

**Amendment to Clause (49)(IV)(B)**

The following explanation shall be added to the sub clause (IV)(B).

*"Explanation: For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies (i.e. private limited companies, foreign companies and companies of Section 25 of the Companies Act, etc) shall be excluded*

*Further only the three committees viz. the Audit Committee, the Shareholders' Grievance Committee and the Remuneration Committee shall be considered for this purpose."*

The Stock Exchanges are advised to amend the listing agreement of the exchange immediately and intimate the same to SEBI.

Yours faithfully,

**P K BINDLISH** Division Chief  
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