



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

**Pradeep Ramakrishnan**  
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SEBI/CFD/CMD/PR/OW/ 28903/1/2018  
October 15, 2018

**Shri. P. Viswanathan**  
Secretary and Compliance Officer  
Sundaram Finance Limited  
21, Patullos Road,  
Chennai- 600 002,

Dear Sir,

**Sub: Request for Informal Guidance by way of Interpretative letter —  
Notification No. SEBI/LAD/NRO/GN/2018/10 dated 9th May 2018.**

1. This has reference to your letter dated August 28, 2018 requesting for interpretive letter under Securities and Exchange Board of India (informal Guidance) Scheme, 2003 ("Scheme").

2.1 You have, *inter alia*, represented as under:

- a. Ms Shobhana Ramachandhran, an Independent Director on your board, is a non-independent Director on the board of India Motor Parts & Accessories Limited, a listed entity, on whose board there is an Independent Director (Mr S Ravindran), who is a non-independent Director on your board.
- b. The aforesaid situation is covered under Regulation 16(1)(b)(viii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI LODR Regulations**) which was introduced vide Notification No. SEBI/LAD/NRO/GN/2018/10 dated 9th May 2018 and shall come into effect from October 01, 2018.
- c. Your interpretation of the aforesaid amendment is that it does not apply to the existing Independent Directors (IDs) who have been appointed by shareholders under section 149 of the Companies Act, 2013 and will continue to be on the

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051. Page 1 of 3  
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फ़ैक्स : 2644 9019 से 2644 9022 वेब : [www.sebi.gov.in](http://www.sebi.gov.in)

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Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
**Securities and Exchange  
Board of India**

Board of Directors of the listed entity, and whose term will expire as per the tenor approved by the shareholders.

- d. You have also stated that your understanding has been strengthened by the wording of the new Regulation 17(1A) of SEBI LODR Regulations and wording in Regulation 25(1) of SEBI LODR Regulations, both of which use the word 'continue' (which is absent in Regulation 16(1)(b)(viii) of SEBI LODR Regulations).

2.2 You have sought informal guidance on whether your interpretation is correct and that you need to apply the requirements of Regulation 16(1)(b)(viii) of SEBI LODR Regulations only for new appointments/ re-appointments of directors.

3. We have considered the submissions made by you in your letter under reference. Our views in respect of the guidance sought by you are as under:

- i. Regulation 16(1)(b)(viii) of the SEBI LODR Regulations (inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (**Amendment Regulations, 2018**)) states:

**“Definitions:**

**Regulation 16 (1) -** *“For the purpose of this chapter, unless the context otherwise requires –*

*(a).....*

*(b) "Independent director" means a non-executive director, other than a nominee director of the listed entity:*

*(viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director”.*

- ii. SEBI has *inter alia* revised the definition of the independent directors as mentioned in the aforesaid Regulation 16(1) (b) of the SEBI LODR Regulations by inserting a new clause (viii) amongst other criteria mentioned in the said definition of independent director vide the aforesaid Amendment Regulations, 2018.
- iii. The aforesaid Amendment Regulations were notified on 9<sup>th</sup> May, 2018. The said amendment has come into effect on October 01, 2018. Hence, all listed companies



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनिमय बोर्ड  
**Securities and Exchange  
Board of India**

were given time till October 01, 2018 to comply with the said clause (viii) of Regulation 16(1)(b) of the said Amendment Regulations.

- iv. Thus, Regulation 16(1)(b)(viii) of SEBI LODR Regulations would apply both to existing directors and to new appointments/ re-appointments of directors with effect from October 1, 2018.
  - v. The above position is based on the information furnished in your letter under reference. Different facts may lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
4. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to SEBI LODR Regulations and does not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,

**Pradeep Ramakrishnan**