

## IMPORTANT AMENDMENTS TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Securities and Exchange Board of India (“SEBI”) vide notification no. SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 has issued the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ([available here](#)) (“Amendment”), to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”).

The Amendment implements several recommendations made by the Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak (“Kotak Committee”) in its committee report published on October 5, 2017 (“Kotak Committee Report”) ([available here](#)), regarding corporate governance standards for listed companies.

Please find below our comprehensive update on the Amendment, along with our analysis of certain amendments and references to the relevant recommendations of the Kotak Committee.

*Unless otherwise specified below, all amendments shall come into effect from April 1, 2019.*

### 1. Definition of “Independent Director”

Additional eligibility criteria for Independent Directors have been prescribed for listed entities. The following persons shall not be an Independent Director of a listed entity:

- (i) A member of the promoter group of that listed entity; or
- (ii) A non-independent director of another company on the board of which any non-independent director of the listed entity is an Independent Director.

*Illustration of (ii) above*

The Board of **Company A** has **Mr. X** as a Managing Director, and **Mr. Y** as an Independent Director. The Board of **Company B** has **Mr. Y** as a Managing Director. In such circumstances, **Mr. X** cannot be appointed as an Independent Director of **Company B**.

*This amendment shall come into effect from October 1, 2018.*

### 2. Increase in scope of the term “Related Party”

The scope of the term “related party” has been made wider than the definition under the Companies Act, 2013. Any person or entity that is: (i) classified as the promoter or promoter group of a listed entity; and (ii) holds more than 20% or more of shareholding in the listing entity, shall be deemed to be a related party.

Previously, if certain promoter/ promoter group entities of a listed company did not strictly fall within the definition of “related party”, their transactions with the listed company were not “related party transactions” under the LODR Regulations. This amendment ensures that transactions between a listed entity and its promoters/ promoter group holding more than 20% of its shareholding are regulated as related party transactions, and are subject to the voting restrictions, approval requirements and disclosure requirements prescribed under the LODR Regulations.

### 3. Reduced threshold for determination of “Material Subsidiary”

A “material subsidiary” now means a subsidiary of a listed entity whose income or net worth exceeds **10%** of the consolidated income or net worth, of the listed entity and its subsidiaries in the immediately preceding accounting year. Previously, the threshold prescribed in the LODR Regulations was 20%.

The Kotak Committee had recommended a reduced threshold in the interests of better monitoring at a consolidated level and consequently, better governance of material subsidiaries.

For instance, a listed entity is required to pass a special resolution in a general meeting of its shareholders, if such listed entity wishes to reduce its shareholding (either on its own or together with other subsidiaries) in a material subsidiary to less than 50% (fifty percent) or cease the exercise of control over its material subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

#### 4. **Change in the definition of “Senior Management”**

The meaning of the term “*senior management*” now specifically includes all members of management that are one level below the chief executive officer/ managing director/ whole time director/ manager as well as the company secretary and the chief financial officer.

Some of the implications for persons specifically included in the definition of “*senior management*” are as follows:

- (i) The Nomination and Remuneration Committee shall recommend to the board, all remuneration payable to the Senior Management, in any form;
  - (ii) The board is required to make provision for orderly succession of all persons termed as Senior Management;
  - (iii) Members of the Senior Management must comply with a code of conduct framed by the company; and
  - (iv) Members of the Senior Management must disclose any transactions which may result in a conflict of interest.
- Widening the scope of the definition of Senior Management increases the compliance burden of persons who were hitherto outside the scope of the definition. Contravention of the obligations under the LODR by the Senior Management would attract fines under the LODR Regulations.

The Company is required to ensure the orderly succession of Senior Management which would be beneficial for the shareholders, as it would ensure smooth functioning of the company.

#### 5. **Determination of top 500/ 1000/ 2000 listed entities in India**

In the Amendment, several provisions have been made applicable to the top 500/ 1000/ 2000 listed entities. The top 500/ 1000/ 2000 listed entities shall be determined on the basis of market capitalisation at the end of the immediately preceding financial year. We understand that the Stock Exchanges would be coming out with the list of top entities for this purpose.

#### 6. **Independent woman director for top 500/1000 listed entities**

The top 500 listed entities (by a deadline of April 1, 2019) and top 1000 listed entities (by a deadline of April 1, 2020) are required to have at least one independent woman director on their board of directors.

Previously the mandatory independent director did not need to be a woman.

#### 7. **Minimum number of Directors**

The top 1000 listed entities, by a deadline of April 1, 2019 and the top 2000 listed entities, by a deadline of April 1, 2020, are required to have a minimum of 6 directors.

The Kotak Committee Report states that the recommended increase in the minimum size of the board, along with the increase in diversity (gender or qualification/experience) is intended to ensure that sufficient number of directors with diverse backgrounds and skillsets are available on the board.

#### 8. Age limit for Non-Executive Director

Any person who is 75 years of age or more shall not be appointed as a non-executive director of a listed entity, nor shall such a person continue as a non-executive director after April 1, 2019, unless a special resolution is passed in this regard. The relevant explanatory statement in the general meeting/ postal ballot notice is required to contain the justification for appointment of the person.

This amendment is the outcome of the view taken by the Kotak Committee that a higher level of shareholder endorsement was appropriate to permit non-executive directors to continue beyond a certain age. Further, the Kotak Committee noted that non-executive roles also required a substantial time commitment, and therefore, checks and balances in the form of an age limit would be appropriate, similar to executive director positions.

#### 9. Eligibility criteria for Chairperson of top 500 listed entities

The chairperson of the board of directors of the top 500 listed entities shall:

- (i) be a non-executive director;
- (ii) not be a relative of the managing director or the chief executive officer of the listed entity.

These requirements are applicable only to listed entities that have *identifiable promoters* as per the shareholding pattern filed with the stock exchanges.

These amendments had been recommended by the Kotak Committee with a view to achieving greater separation of the chairperson (leader of the board) from the CEO/MD (leader of the management), to provide a better and more balanced governance structure.

*This amendment shall come into effect from April 1, 2020.*

#### 10. Quorum for Board Meeting of top 1000/ 2000 Listed Entities

Earlier, the LODR Regulations did not prescribe quorum requirements specifically for listed companies, who were required to comply with the quorum requirements specified in the Companies Act, 2013.

Now, the for the top 1000 listed entities, from April 1, 2019, and for the top 2000 listed entities, from April 1, 2020, quorum for a meeting of the board of directors: (i) shall be one-third of the total strength of the board or 3 directors, whichever is higher; and (ii) shall include at least one independent director.

The Kotak Committee was of the view that the presence of an independent director in board meetings would be in the interest of stakeholders, especially minority shareholders.

#### 11. Quorum for meetings of Committees of the Board

Nomination and Remuneration Committee. At least 2 members or one-third of the members of the committee, whichever is greater, and at least 1 independent director.

Stakeholders Relationship Committee. At least 3 directors, including at least 1 independent director.

The Kotak Committee was of the view that independent directors bring an unbiased perspective to the proceedings of committee meetings, which not only improves quality of governance and decision making but is also in the interest of the minority shareholders.

Previously, no quorum requirement for these committees had been prescribed under the LODR Regulations.

## 12. Regulation of Annual Remuneration of Executive/ Non-Executive Directors

*Non-Executive Director.* In case the annual remuneration payable to one non-executive director of a listed entity exceeds 50% of the total remuneration payable to all non-executive directors, the remuneration shall be required to be approved *vide* a special resolution of the shareholders of the listed entity.

This amendment is intended to curb the practice of disproportionate remuneration being paid to certain non-executive directors (generally promoter non-executive directors).

*Executive Director.* If: (i) the annual remuneration payable to an executive director who is a promoter or a member of the promoter group exceeds Rs. 5 Crore or 2.5% of the net profits of the listed entity, whichever is higher; or (ii) the aggregate annual remuneration payable to all such executive directors exceeds 5% of the net profits of the listed entity, such remuneration must be approved *vide* a special resolution passed by the shareholders of the listed entity in a general meeting.

Such shareholder's approval would lapse with the term of the executive director whose remuneration is being approved. The net profits have to be calculated in accordance with Section 198 of the Companies Act, 2013.

This amendment is intended to curb the practice of disproportionate remuneration being paid to promoter executive directors, as compared to other executive directors.

## 13. Evaluation of Independent Directors

The LODR Regulations provide that the extension of the term of an independent director is based on evaluation by the board. Pursuant to the Amendment, the criteria for such evaluation now includes fulfilment by the director of the independence criteria specified under the LODR Regulations and his/her independence from the management of the listed entity.

Previously, the only criteria for the evaluation was the performance of the independent director. This amendment reflects the view of the Kotak Committee that there should be a continuing evaluation of the independence of an independent director.

## 14. Board Recommendations for Special Business at General Meeting

The explanatory statement annexed to a notice of a general meeting for special business to be transacted shall specifically contain recommendations of the board of directors, on each item for the shareholders to consider.

## 15. Maximum Number of Directorships in a Listed Entity

No person can be a director (including alternate director):

- (i) *in more than 8 listed entities, with effect from April 1, 2019; and*
- (ii) *in more than 7 listed entities with effect from April 1, 2020.*

The LODR Regulations previously provided for limits on the number of independent director positions which may be held by one person, which continue to apply.

Please note that, for the purposes of this clause, only directorships in listed entities whose equity shares are listed on a stock exchange shall be counted.

The Kotak Committee was of the view that excessive directorships would stretch a person thin, and would prevent a director from allocating sufficient time to a particular company and playing an effective role.

## 16. Frequency of Meetings of Committees

The following committees are now required to meet at least once in a year:

- (i) Nomination and Remuneration Committee;
- (ii) Stakeholders Relationship Committee; and
- (iii) Risk Management Committee.

Earlier, there was no requirement prescribed in the LODR Regulations regarding the frequency of meetings of these committees.

## 17. Role and Responsibilities of Committees

Stakeholders Relationship Committee. The scope of work of the committee has been widened to look into “*various aspect of the interest of shareholders*”. Previously, under the LODR Regulations, the committee was merely responsible for the “*mechanism*” of grievance redressal for shareholders. The responsibilities of the committee shall include:

- (i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.
- (ii) Reviewing measures taken for effective exercise of voting rights by shareholders;
- (iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by its Registrar & Share Transfer Agent;
- (iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Further, the accountability of the committee has been increased, as the chairperson of the Stakeholders Relationship Committee is required to be present at the annual general meeting to respond to queries of security holders.

Risk Management Committee: The responsibilities of the committee shall now include cyber security.

Audit Committee: The scope of the information to be reviewed by the audit committee now includes loans/ advances from and investments by a holding company to its subsidiary, exceeding INR 100 Crore or 10% of the asset size of such subsidiary, whichever is lower. Investments/ loans/ advances existing as on date of this provision coming into force shall also be subject to review.

The Kotak Committee was of the view that the audit committee should review the utilisation of funding provided by holding companies to their subsidiaries. A materiality threshold has been prescribed to limit the transactions which the audit committee is required to review.

Nomination and Remuneration Committee: The Nomination and Remuneration Committee shall, in addition to their existing role, also recommend, all remuneration, in whatever form payable, to senior management (see paragraph 4 above, which deals with the amended definition of the term “*senior management*”).

The Kotak Committee has recommended that all payments to senior management should be recommended by the Nomination and Remuneration Committee, irrespective of existing contracts, unless such payments have already been approved by the Nomination and Remuneration Committee.

## 18. Top 500 Companies to have a Risk Management Committee

The requirement to constitute a Risk Management Committee, and other provisions relating to this committee, has now been made applicable to the top 500 listed entities, instead of the top 100 listed entities.

#### 19. **Materiality of Related Party Transactions**

- (i) *Policy.* The policy on materiality of related party transactions shall: (a) include the threshold limits as approved by the board; and (b) be reviewed and updated by the board every 3 years. The intent appears to be to ensure that the policy does not remain static.
- (ii) *Deemed Materiality.* Transactions (entered into individually or taken together with previous transactions in the financial year) involving payment made to a related party with respect to brand usage or royalty shall be deemed to be material if they exceed 2% of the annual consolidated turnover of the listed entity, as per the last audited financial statements.

#### 20. **Voting by Related Parties on Related Party Transactions**

Related Parties can participate in general meeting proceedings pertaining to a Related Party transaction, and vote on the matter, however, the related party shall not vote to approve the transaction. Related Parties can vote against the relevant transaction for any reason whatsoever.

Previously, Related Parties were required to abstain from voting on related party transactions.

#### 21. **Disclosure of related party transactions**

Listed entities shall, within 30 days of publication of the half-yearly standalone and consolidated financial results, disclose their Related Party transactions on a consolidated basis in a specified format and publish it on their website.

*Note: In the text of the Amendment, immediately after the provisions dealt with in Paragraphs 19, 20 and 21 above pertaining to regulation of related party transactions, it is stated that “The amendment shall come into force with effect from the half year ending March 31, 2019.” It is not clear from the Amendment whether this provision applies to the amendments dealt with in Paragraph 21 only, or Paragraphs 19 and 20 as well. However, the Kotak Committee Report recommends that the amendment dealt with in Paragraph 21 be implemented half year ending March 31, 2019.*

#### 22. **Disclosure of transactions with Promoters/ Promoter Group**

Transactions of the listed entity with any person or entity belonging to the Promoter/ Promoter Group and holding shares more than 10% of the share capital of the listed entity, are required to be disclosed in the annual report.

Please note that a Promoter/Promoter Group entity would not be a related party of the listed entity under the LODR Regulations merely by holding more than 10% of the listed entity’s shares (refer to the amended definition of “*related party*” in paragraph 2 above). Therefore, the disclosure requirements in this case cover transactions with non-related parties as well.

#### 23. **Requirement of a Director on the Board of a Subsidiary**

All unlisted Material Subsidiaries (whether incorporated in India or abroad) of an Indian listed entity are now required to have at least one of the Independent Directors of such Indian listed entity as a Director on their board. Previously, this obligation was applicable only to unlisted material subsidiaries incorporated in India.

Please note that, the amended threshold for calculation of a Material Subsidiary, as stated in Paragraph 3 hereinabove, is not applicable for the purposes of this provision. Therefore, in this provision, a “*Material Subsidiary*” means a subsidiary whose income or net worth exceeds **20%** of the consolidated income or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

#### 24. **Secretarial Audit**

Every listed entity and its material unlisted subsidiaries incorporated in India shall: (i) undertake secretarial audit; and (ii) annex with their respective annual reports, a secretarial audit report. The secretarial audit report shall be issued by a company secretary in practice.

*This amendment shall come into effect from the year ended March 31, 2019.*

#### 25. **Obligations with respect to Independent Director**

- (i) **No Alternate Directors.** No person shall be appointed or continue as an alternate director for an independent director of a listed entity, from October 1, 2018.

The Kotak Committee was of the view that independent directors are identified on the basis of several detailed eligibility criteria, and therefore, could not be substituted by an alternate director. Further, the Kotak Committee in its report states that the concept of alternate directors was of more relevance when only the directors present physically at a board meeting were considered for the purposes of quorum. Directors appointed alternates to physically attend board meetings during their absence. Now, directors have the flexibility to attend meetings by videoconferencing.

- (ii) **Declaration by Independent Director.** Every independent director shall submit a declaration that he meets the criteria of independence under the LODR Regulations, at: (a) his first board meeting; (b) the first board meeting of each financial year; or (c) whenever there is any change in the circumstances that may affect his independence, or which exists or may be reasonably anticipated, that could impair his ability to discharge his duties with an objective independent judgment and without any external influence. The board of the listed entity is required to take on record the declaration submitted by the independent director after assessing its veracity.

#### 26. **Directors and Officers Insurance**

The top 500 listed entities are required to obtain a Directors and Officers insurance for each of their Independent Directors, of such quantum and for such risks as decided by its board.

In this regard, the Kotak Committee has observed that the responsibilities and liabilities of Independent Directors as board members, and separately as independent directors, deterred people from becoming independent directors. Hence, insurance cover for the independent directors had been recommended.

Please note that the Kotak Committee has also recommended that the applicability of this provision should eventually be expanded to cover all listed companies.

#### 27. **Disclosure of Utilization of funds raised by Preferential Allotment or Qualified Institutional Placement**

A listed entity that raises funds through preferential allotment or qualified institutional placement shall disclose the utilization of such funds in its annual report every year, till such funds have been fully utilised.

#### 28. **Financial Results**

- (i) Now, listed companies may submit limited review financial results for the last quarter of a financial year to the stock exchange. Previously, it was mandatory to submit audited financial results.
- (ii) If the listed entity has any subsidiary, submission of quarterly/year-to-date (that is, from the beginning of the year) consolidated financial results to the stock exchange is now compulsory. Previously, the listed company could opt not to submit consolidated financial results.

- (iii) Half-year cash flows are required to be submitted as a note, along with half-year financial results. In this regard, the Kotak Committee was of the view that cash flow statements provide meaningful information to investors, which cannot be gleaned from quarterly financial results.
- (iv) For the purposes of quarterly consolidated financial results, at least 80% of each of the consolidated revenue, assets and profits, respectively, shall (a) be audited; or (b) subjected to limited review in case of unaudited financial results. The Kotak Committee believed that audits of a listed entity often fail to take into account a substantial portion of the group's business. This amendment ensures that the accounts of subsidiaries undergo audit or limited review on a regular basis.
- (v) Financial results of the last quarter of a financial year must disclose, as a note, the aggregate effect of material adjustments made in the results of that quarter pertaining to previous periods.

#### 29. **Limited review by Statutory Auditors for Consolidation**

Statutory auditors of a listed entity must carry out a limited review of the audit of entities whose accounts are to be consolidated with such listed entity.

#### 30. **Dissemination of Annual Report**

- (i) On the day of commencement of dispatch of the annual report by a listed entity to its shareholders (along with the notice of the annual general meeting), such listed entity is required to also: (i) submit the annual report to the stock exchange; and (ii) publish the annual report on its website.

Any changes made to the annual report are also required to be submitted to the exchanges, and published on the website, within 48 hours from the annual general meeting, along with details of and explanations for such change.

- (ii) If a shareholder of a listed entity has registered its email address with such entity or with any depository, the listed entity shall be required to send the annual report to such shareholder by email.

This amendment was recommended by the Kotak Committee as an environment friendly measure. The Kotak Committee was of the view that physical copies of the annual report should be provided only upon request by a shareholder.

*The abovementioned requirements shall be applicable for Annual Reports filed for the year ended March 31, 2019 and beyond.*

#### 31. **Format of Disclosures**

- (i) Disclosures to the stock exchange must be made in "XBRL format" in accordance with guidelines specified by the stock exchanges.
- (ii) Disclosures to the stock exchange and on the company's website shall be in a searchable format, unless there is a statutory requirement to use non-searchable formats, such as scanned documents.

#### 32. **Explanatory Statement for Appointment of Statutory Auditor**

Notice of annual general meeting in which a Statutory Auditor is proposed to be appointed shall include the following in the explanatory statement:

- (i) terms of appointment of the Statutory Auditor, including the fee payable;
- (ii) material changes in the auditor's fee; and
- (iii) the basis of the recommendation for the appointment of the auditor and the credentials of the auditor proposed to be appointed.



These amendments were recommended by the Kotak Committee to allow the shareholders to make a better-informed decision regarding any proposed appointment/ reappointment of auditors. The Kotak Committee also observed that fees charged by certain auditors did not adhere to benchmarks on the basis of which such fees are determined. The additional disclosures are intended to make the audit fees and changes therein more transparent to the shareholders.

### 33. **AGM of Top 100 listed entities**

The top 100 listed entities shall hold their annual general meeting within 5 months of the close of the financial year and shall provide one-way live webcast of the proceedings.

### 34. **Disclosures on the Website of a Listed Entity**

(i) Separate Section. The information required to be disclosed on the website of the listed entity, pursuant to the LODR Regulations, now has to be disclosed in a separate section of the website. Previously, mere disclosure of such information on the website was sufficient.

(ii) Disclosure of Credit Rating. With effect from October 1, 2018, credit ratings obtained by a listed entity for its outstanding instruments are required to be disclosed on its website. Revisions to the credit ratings have to be updated immediately.

Please note that the amendment does not specify a time limit within which the credit rating has to be disclosed on the website, after it has been initially obtained.

The Kotak Committee had recommended this amendment so that updated information regarding all credit ratings pertaining to the listed entity would be available at one location, which would be helpful for investors and other stakeholders.

(iii) Accounts of Subsidiaries. Separate audited financial statements of each subsidiary shall be uploaded to the website 21 days prior to the date of the annual general meeting of the listed entity called *inter alia* to consider accounts of that financial year.

### 35. **Disclosure of Resignation of Auditor**

The resignation of an Auditor of a listed entity is required to be disclosed to the stock exchanges along with detailed reasons for resignation. This disclosure shall be made as soon as possible but not later than 24 hours of receipt of such reasons by the listed entity.

The Kotak Committee was of the view that the resignation of a statutory auditor may be a cause of concern. Therefore, the Kotak Committee recommended that companies and the resigning auditor should disclose their reasons for resignation.

### 36. **Resignation of Independent Director**

Resignation of an independent director of a listed entity shall be disclosed to the stock exchanges within 7 days from the date of resignation, along with: (i) detailed reasons for such resignation (as provided by the director); and (ii) a confirmation from the director that there is no material reason for the resignation, other than those provided by the director.

The Kotak Committee Report mentions that this amendment was recommended to provide for immediate disclosure of the resignation of an independent director (as opposed to the requirement under the Companies Act, 2013, to file reasons for the resignation of a director within a period of 30 days from the resignation). The reasons for such resignations may also negatively impact the company or its shareholders. Further, since the resignation of independent

directors could be a cause of concern for non-promoter shareholders, being transparent about the reasons for resignation would reassure such shareholders. The Kotak Committee has stated that the duty of an outgoing director to give forthright reasons for his resignation would be considered to be the fiduciary duty of the director towards the stakeholders in the company.

### 37. **Non-Quantifiable Audit Qualification**

The management of a listed entity shall mandatorily make an estimate of non-quantifiable audit qualifications and disclose it in the financial statements. The auditor shall review the estimate and report accordingly.

Previously, if the management was unable to make an estimate regarding an audit qualification, it had the option of disclosing the reasons therefor in the financial statements. Now this option no longer exists. However, please note that the management is not required to provide estimates on matters like going concerns and *sub-judice* matters, subject to reasons therefor being disclosed by the management.

### 38. **Management Discussions and Analysis**

The Management Discussion and Analysis Report, which forms part of the annual report of the listed entity shall include discussion on the following additional matters:

- (i) details of significant changes (i.e. change exceeding 25%, as compared to the immediately previous financial year), in key financial ratios, along with a detailed explanation thereof, including:
  - a. Debtors Turnover
  - b. Inventory Turnover
  - c. Interest Rate Coverage Ratio
  - d. Current Ratio
  - e. Debt Equity Ratio
  - f. Operating Profit Margin (%)
  - g. Net Profit Margin (%)
 or sector-specific equivalent ratios, as applicable.
- (ii) details of any change in return on net worth as compared to the immediately preceding financial year along with a detailed explanation thereof.

### 39. **Corporate Governance Report**

The following additional disclosures are required to be made in the Corporate Governance Report forming part of the annual report of a listed entity:

- (i) Previously, there was a requirement to disclose the number of other board of directors or committees in which a director of the listed entity is a member or chairperson. Pursuant to the Amendment, the names of the listed entities where the person is a director and the category of directorship shall also be disclosed.
- (ii) A chart or a matrix shall be included in the Corporate Governance report setting out the skills/expertise/competence of the board of directors specifying the following:
  - a. With effect from the financial year ending March 31, 2019, the list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and
  - b. With effect from the financial year ended March 31, 2020 the names of directors who have such skills / expertise /competence
- (iii) Confirmation from the board that the independent directors fulfil the conditions specified in the LODR Regulations and are independent of the management.
- (iv) Detailed reasons for resignation of an independent director along with a confirmation by such director that

- there are no other material reasons other than those provided (*Refer also to paragraph 38 hereof*).
- (v) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.
  - (vi) Details of utilisation of funds raised through preferential allotment or qualified institutions placement (*Refer to paragraph 26 hereof*)
  - (vii) A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.
  - (viii) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof. Please note that this disclosure requirement shall only apply where recommendation of /submission by the committee is required for any approval by the Board of a matter. The disclosure requirement shall not apply where prior approval of any committee is required for undertaking any transaction under these Regulations.
  - (ix) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

*The amendments dealt with in paragraphs 40, 41 and 42 above shall be applicable in respect of annual reports filed for the year ended March 31, 2019 and thereafter.*