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No.: SEBI/HO/CFD/PoD2/OW/P/2025/13133/1

May 14, 2025

To

InfoBeans Technologies Limited
SEZ Unit, Crystal IT Park, STP-1, 2nd Floor,
Ring Road, Indore,
Madhya Pradesh - 452001.

Madam,

Kind attention: Ms. Surbhi Jain, Company Secretary and Compliance Officer

Sub: Request for Informal guidance by way of an interpretive letter under the provisions of SEBI (Informal Guidance) Scheme, 2003 received from InfoBeans Technologies Limited (“Company”) seeking interpretation of the provisions of regulation 16(1)(b)(iv) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. This is with reference to your letter dated February 25, 2025 read with clarification dated March 21, 2025 (“Application”) seeking interpretative letter under SEBI (Informal Guidance) Scheme 2003 in respect of the term “material pecuniary relationship” used in regulation 16(1)(b)(iv) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) in the context of an Independent Director.
2. The following information is gathered from your Application:
 - a. InfoBeans Technologies Limited (“Company” / “Applicant”) is an entity having its registered office at Indore, Madhya Pradesh. The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited.

- b. The Company has appointed an Independent Director and pays sitting fees/commission as per the permissible limit under the Companies Act. Subsequently, the Company intends to engage the same individual (Ms. Opal Perry) as a consultant to its US-based subsidiary, InfoBeans INC. As a consultant, the individual will receive compensation from InfoBeans INC for services rendered.
- c. Ms. Opal's responsibilities in the US subsidiary will be advisory in nature, focusing on strategic guidance, risk management, and business development. She will not have executive authority or direct involvement in the day-to-day operations.
- d. The aggregate consultancy fees payable to the Independent Director, excluding sitting fees/commission, will not exceed 10% of the director's total annual income.
- e. The US subsidiary's company structure does not formally define designation as "Independent Director". Despite this, you have stated that you will ensure compliance with the Companies Act limits regarding her pecuniary relationship and total income.
- f. In this background, you have requested for clarification on the expression "material pecuniary relationship" mentioned in Regulation 16(1)(b)(iv) of the LODR Regulations in the context of an Independent Director.

3. In view of the above facts and circumstances, you have sought confirmation that the appointment of Ms. Opal in the US subsidiary, as described above, and the proposed consultancy arrangement with InfoBeans INC, would not conflict with SEBI's regulatory framework concerning Independent Directors under the LODR Regulations.

4. With respect to your query, we have considered the submissions made by you in your Application and without necessarily agreeing with your analysis, our views on the queries are given below:

4.1. The term “independent director” has been defined under Regulation 16(1)(b)(iv) of the LODR Regulations *inter-alia* as a non-executive director who does not have any material pecuniary relationship with the listed entity and its related entities. The provision is reproduced for reference as under-

“Definitions.

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:

(i)...

(ii)....

(iii)....

(iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;”

It may be noted that no quantitative limits have been specified in the regulations for determining whether a pecuniary relationship between an independent director and listed entity, its holding, subsidiary or associate company, or their promoters, or directors is ‘material’ or not.

4.2. However, regulation 16(1)(b) specifies various parameters to determine the independence of a director. For example, such director should not be a promoter of the listed entity or its holdings or subsidiary or associate companies and not be related to such promoter, shall not hold the position of key managerial personnel in such entities, shall not be a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director, shall neither himself nor his relatives be a material supplier, service provider or customer or a lessor or lessee of the listed entity, et cetera.

4.3. Further, the LODR Regulations mandate every independent director to submit a declaration stating *inter-alia* that he meets the criteria of independence as provided in Regulation 16(1)(b). The Board of Directors is mandated to assess of the veracity of such declaration. The relevant provisions in this regard are reproduced as under-

“Obligations with respect to independent directors.

25. (1)...

...

(8) Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

(9) The board of directors of the listed entity shall take on record the declaration and confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same.”

4.4. In addition to the above, in terms of Para A of Part D of Schedule II of the LODR Regulation, the Nomination and Remuneration Committee (NRC) has been mandated to *inter-alia* formulate the criteria for determining the qualification, positive attributes and independence of a director and also to formulate criteria for evaluation of performance of independent directors.

4.5. In view of the above, for the fulfilment of the eligibility criteria specified for independent directors under the LODR Regulations, it is pertinent that the applicable provisions including those noted above be complied with.

4.6. In addition, Section 149(6) of the Companies Act, 2013 *inter-alia* specifies the limits of pecuniary relationship between an independent director and a company (which in this case is a listed entity). In terms of the said provision, an independent director -

- (i) should not have or had any pecuniary relationship (other than receiving remuneration for services as a director), or
- (ii) should not have transaction exceeding ten percent of his total income or such amount as may be prescribed,

with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year.

4.7. Thus, the provisions of Section 149(6) of the Companies Act are also relevant in relation to an independent director of a company.

5. In view of the above, a listed entity shall ensure compliance with the provisions of LODR Regulations and other applicable laws [including Section 149(6) of the Companies Act] in respect of independent directors. Thus, the Applicant and its board of directors shall ensure that the proposed arrangement of the Company with its subsidiary i.e., InfoBeans INC in so far as Ms. Opal is concerned is in compliance with the aforesaid. Your query is accordingly answered.

6. The above position is based on the facts and circumstances described by you in your Application. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.

7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference in respect of aforementioned provisions of the LODR Regulations and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

-sd/-

Raj Kumar Das