

# INDEPENDENT DIRECTORS

Companies Act 2013,  
Rules  
Latest Amendments

**By CS JASPAL SINGH DHANJAL**

Chairman

Patiala Chapter of NIRC of ICSI

## Concept of Independent Director

Independent Director means a director who is **not connected** or **associated** with the Company in any manner and works only to **safeguard the interest of the members** who individually cannot look after their interest.

Basically, we can say that an independent director is a non-executive director of a company who helps the company in improving corporate credibility and governance standards. He/She does not have any kind of relationship with the company that may affect the independence of his/ her judgment.

The term “Independent Director” has been defined in the Act, along with several new requirements relating to new requirements relating to their appointment, duties, role, and responsibilities. The provisions relating to appointment of Independent directors are contained in Section 149 of the Companies Act, 2013 should be read along with Rule 4 and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014

# Definition

**Section 149 (6) An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—**

**<sup>4</sup>[(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;]**

- **(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;**
- **(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;**
- **<sup>5</sup>[(c) who has or had no <sup>12</sup>[pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. 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;]**
- **<sup>13</sup>[(d)none of whose relatives—**
- **(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:**
- **Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;**

- (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
- (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
- (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);]
- (e) who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- <sup>14</sup>[Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.]

- ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
  - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
  - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
  
- (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
  
- (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

- (7) 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, give a declaration that he meets the criteria of independence as provided in sub-section (6).  
Explanation.—For the purposes of this section, “nominee director” means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests.
- (8) The company and independent directors shall abide by the provisions specified in [Schedule IV](#).

- (9) Notwithstanding anything contained in any other provision of this Act, but subject to the provisions of [sections 197](#) and [198](#), an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of [section 197](#), reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.
- (10) Subject to the provisions of [section 152](#), an independent director shall hold office for [a term](#) up to **five consecutive years** on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.
- (11) Notwithstanding anything contained in sub-section (10), **no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:**
- Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

Explanation.—For the purposes of sub-sections (10) and (11), any [tenure of an independent director](#) on the date of commencement of this Act shall not be counted as a term under those sub-sections.]



- (12) Notwithstanding anything contained in this Act,—  
2&6[(i) an independent director;]&
- (ii) a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.
- 2&6[(13) The provisions of sub-sections (6) and (7) of section 152 in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.]

- 12. Substituted by the Companies (Amendment) Act, 2017- Amendment Effective from 7th May 2018
- in sub-section (6), clause (c), for the words:-
- "pecuniary relationship"
- the following Clause shall be substituted, namely :-
- "pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed,"

- As per sub section 4 of Section 149 of the Companies Act 2013, every listed public company is mandatorily required to have at least one-third of the total number of directors as independent directors.
- Unlisted public companies must appoint at least two independent directors in the following circumstances:
  - i. if the paid up share capital exceeds Rs.10 crores;
  - ii. if the turnover exceeds Rs.100 crores;
  - iii. if the aggregate of all the outstanding loans, debentures and deposits exceeds Rs 50 crores.

- An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- Broadly one who wishes to qualify as an Independent Director has to possess following unwritten qualities:
  - 1. Impartiality
  - 2. Loyalty
  - 3. Decision- making (judgment)
  - 4. Professional repute

## **Schedule IV [See section 149(8)]**

### **CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

#### **Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;

- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

## II. Role and functions:

- The independent directors shall:
- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and
- management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

## III. Duties :

- The independent directors shall—
- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;



- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) **act within their authority**, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

## IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
- (a) the term of appointment;
- (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
- (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
- (d) provision for Directors and Officers (D and O) insurance, if any;
- (e) the Code of Business Ethics that the company expects its directors and employees to follow;
- (f) the list of actions that a director should not do while functioning as such in the company; and
- (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

### **V. Re-appointment:**

- The re-appointment of independent director shall be on the basis of report of performance evaluation.

## VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a **three months** from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

## VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a **financial** year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **VIII. Evaluation mechanism:**

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

“Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause (45) of section 2 of the Companies Act, 2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies.”

## Manner of Selection of Independent Directors and Maintenance of Databank of Independent Directors

- 150. (1) Subject to the provisions contained in sub-section (5) of [section 149](#), an independent director may be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any body, institute or association, as may be notified by the Central Government, having expertise in creation and maintenance of such data bank and put on their website for the use by the company making the appointment of such directors:
- Provided that responsibility of exercising due diligence before selecting a person from the data bank referred to above, as an independent director shall lie with the company making such appointment.
- (2) The appointment of independent director shall be approved by the company in general meeting as provided in sub-section (2) of [section 152](#) and the explanatory statement annexed to the notice of the general meeting called to consider the said appointment shall indicate the justification for choosing the appointee for appointment as independent director.
- (3) The data bank referred to in sub-section (1), shall create and maintain data of persons willing to act as independent director in accordance with such rules [as may be prescribed](#).
- (4) The Central Government may prescribe the manner and procedure of selection of independent directors who fulfil the qualifications and requirements specified under [section 149](#).]



# ROLE AND DUTIES OF INDEPENDENT DIRECTORS

- The role of independent directors is considered to be of a great significance. The guidelines, role, functions and duties are broadly set out under Code of conduct under Schedule IV of the Companies Act, 2013. The code of conduct lays down the guidelines of professional conduct as well as role, functions and duties of independent director.
- Role and functions listed under Schedule IV of the Companies Act, 2013 are as under:
- The independent directors shall:
- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

# POSITION OF INDEPENDENT DIRECTORS IN COMMITTEES:

- Section 177 of the Companies Act, 2013 Rules and Companies (Meetings of Board and its Powers) Rules, 2014
- Audit Committee(i) all public companies with a **paid up capital of ten crore rupees or more**;
- (ii) all public companies having **turnover of one hundred crore rupees or more**;
- (iii) all public companies, having **in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.**
- The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority and in case of Listed Company, Independent Director Shall be Chairman of Audit Committee.

- Section 178 (1) The Board of Directors of<sup>4</sup>[every listed public company] and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors:

Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

- Section 135. (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during <sup>3</sup>[the immediately preceding financial year] shall constitute a Corporate **Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.**

# INDEPENDENT DIRECTORS' MEETINGS

- The Companies Act, 2013, requires all Independent Directors to meet at least once in a year. The meeting must be convened without the attendance of non-independent directors and members of the management. In fact all the independent directors of the company are required to be present at such meeting to:
  - (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

# REMUNERATION:

- The Companies Act, 2013 expressly disallows independent directors from obtaining stock options and remuneration other than sitting fees and reimbursement of travel expenses for attending the board and other meetings. **Sitting fees to be paid to Independent Directors for attending the Board Meetings pursuant to Section 197(5) which is maximum of Rs.1,00,000/- per meeting is to be decided by the Board.** Profit related commission may be paid to independent director subject to the approval of the shareholders.
- As per [General Circular 14/2014](#), an Independent Director would not be considered to have a pecuniary relationship under section 149(6)(c) for transactions with a company, its holding, subsidiary or associate company, or their promoters, or directors, provided such transactions are in the ordinary course of business and are on an arm's length basis.

# **TERM OF OFFICE OF INDEPENDENT DIRECTOR**

- An independent director shall hold office for a term up to 5 consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. As per MCA Clarification vide [General Circular 14/2014](#), an Independent Director even if appointed for a lesser period than of 5 years will be held as appointed for one term.
- No independent director shall hold office for more than 2 consecutive terms, but such independent director shall be eligible for appointment after the expiration of 3 years of ceasing to become an independent director provided that he shall not, during the said period of 3 years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.
- Retirement of directors by rotation shall not be applicable to appointment of independent directors.



# LIABILITY

- **The Companies Act, 2013 restricts and limits the liability of Independent Directors only in respect of acts of omission or commission by a company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently.**

- **RESIGNATION:**

- 1. An Independent Director may resign from his/her office by giving a notice in writing to the Company.
- 2. Within 30 days from the date of receipt of such notice the Board shall file same with Registrar of Companies in Form DIR- 12.
- 3. The director shall also forward a copy of resignation along with detailed reasons for the resignation to the Registrar of Companies within 30 days of resignation.

- **REMOVAL:**

- 1. A Company may, by ordinary resolution, remove a director, before the expiry of his period after giving a reasonable opportunity of being heard.
- 2. A special notice is required for any resolution, to remove a director under this section, or to appoint somebody in place of a director so removed.
- 3. The vacancy shall be filled within a period of not more than 3 months.

# Corporate Affairs Ministry Launches Independent Director's Databank

- The Ministry of Corporate Affairs, with the objective of strengthening the institution of Independent Directors under the Companies Act, launched today the **Independent Director's Databank** in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- The Databank, which was launched by Shri Injeti Srinivas, Secretary Ministry of Corporate Affairs, can be accessed at [www.mca.gov.in](http://www.mca.gov.in) or [www.independentdirectorsdatabank.in](http://www.independentdirectorsdatabank.in), is a pioneering initiative of the Ministry to provide an easy to access & navigate platform for the registration of existing Independent Directors as well as individuals aspiring to become independent directors.
- Powered by an Integrated Learning Management System, the various e-learning capsules and videos available in the system will enable Individual users to easily acquire knowledge from diverse resources, develop distinct skills and assess their understanding on company operations, regulations and compliances. Companies also may register themselves with the databank to search, select and connect with individuals who possess the right skills and attitude for being considered for appointment as Independent Directors as the Databank is expected to become a comprehensive repository of both existing independent directors as well as individuals eligible and willing to be appointed as Independent Directors.

- The Databank portal which has been developed and will be maintained by the Indian Institute for Corporate Affairs (IICA), is a first of its kind initiative from the Ministry. It provides for a wide array of e-learning courses on various topics including the Companies Act, Securities laws, basic accountancy, board practices, board ethics and board effectiveness. A number of value added services are expected to be rolled out through the portal for capacity building of Independent Directors.
- As per the notified rules, all existing Independent Directors are required to register themselves in the databank within 3 months from 01 December 2019. They are also required to pass a basic online proficiency self-assessment test which will be available from March 2020 onwards within 12 months thereafter. In order to provide sufficient practice to individuals, a number of online mock Tests have also been made available in the system. The real test can be taken online through a simple scheduling process. The real test would be remotely proctored.
- The registration process has been specifically designed to be quick and simple and has been divided into three simple steps:
  - Log in through the user account on the Website of the Ministry
  - Upon log in the user will be directed to the Databank
  - Choose one of the Subscription Plans to access the e-learning and the e-proficiency assessment modules
- On the occasion, a publication named “Independent Directors Databank-Handbook covering key objectives, empanelment/registration process of individual or corporate and the knowledge resources available on the portal was also released.

## Registering online on the Data Bank:

### Applicable to :

- All individuals who are already appointed as Independent Directors on the Board of any Company before the commencement of these respective rules i.e. before 1<sup>st</sup> December, 2019.
- All the Individuals who intends to get appointed as an Independent Director in a Company after 01<sup>st</sup> December, 2019

### When:

- Individuals who are already appointed as Independent Directors – within 3 months of commencement of these rules, i.e. **by 1<sup>st</sup> March, 2020.**
- Individuals who intend to get appointed as Independent Directors – **Before their appointment**

### **Where:**

- Application for registration of one's name in the databank has to be made online to the Indian Institute of Corporate Affairs, Manesar (Haryana)

### **Period:**

- The application can be made for a period of 1 year or 5 years or for Lifetime.

### **Renewal:**

- Renewal application has to be filed within 30 days of expiry of the period already applied for.
- If Renewal application is not filed within 30 days, the names will stand removed from the databank.
- Renewal need not to be made by those who have registered themselves for lifetime with the Institute.
- The renewal can be again for 1 year or 5 years or for the Lifetime.

## **Declaration**

- Every Independent Director shall submit a declaration of registration or renewal in the databank to the Board each time they submit the declaration under section 149 (7) of the Act.

## **Fees**

- A reasonable fee will be charged from:
- Individuals for inclusion of their names in the Databank.
- Companies who seek the Information of Independent Directors from the Institute.

## After the Inclusion of name in the Data Bank is done:

- 1. Every Individual whose name is included in the databank has to pass a **COMMON PROFICIENCY TEST** as conducted by the institute.
- 2. This test has to be passed within a period of 1 year from the date of inclusion of name in the Data Bank. For eg.- If the name was included on 1<sup>st</sup> Feb, 2020 than the test can be passed till 1<sup>st</sup> Feb 2021.
- 3. If the test is not taken within 1 year the name will stand removed from the Databank.
- 4. Passing marks- 60% or more
- 5. Attempts- No maximum limit of attempts is set as of now for clearing the test.



# Syllabus

Company law, Securities law, Basic accountancy and such other areas as are relevant to the functioning of an Individual acting as an Independent Director.

Online Lessons including Audio Visuals and Basic Study Material will be provided by the Institute.

No additional fees will be charged for providing such study material and conducting online test.

# Exemption

**An Individual who has been serving for a period of 10 years or more as a Director or a KMP in a listed Company or in an unlisted public company having a paid-up share capital of Rs 10 crore or more shall be exempted from the online proficiency test.**

- Any period during which an Individual was acting as a Director or KMP in two or more Companies at the same time will be counted only once. For eg. If an Individual has been a director in 3 companies from the year 2015-2019 than a total period of 4 years only will be counted irrespective of him being appointed on 3 different Boards.

# Thanking You

**CS JASPAL SINGH DHANJAL**

Chairman

Patiala Chapter of NIRC of ICSI