

Independent Directors Familiarisation Programme –
Prepared by Secretarial Department



Key amendments related to Independent Directors

- Securities and Exchange Board of India (SEBI) has amended various provisions of SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations related to Independent Directors that come into effect from **January 1, 2022.**
- Synopsis of key amendments related to Independent Directors are enclosed for the kind perusal of the Board of Directors.

Audit Committee Composition

Existing Regulation	Amended Regulation
Two third members of the Audit Committee shall be Independent Directors.	Minimum Two third members of the Audit Committee shall be Independent Directors.

Purpose : To increase the participation of Independent Directors, the change has been effected from prescribed composition to minimum composition.

Impact on TI : Our current Audit Committee comprises of four members of which three are Independent Directors.

Nomination and Remuneration Committee

Existing Regulation

50% percent of the NRC shall be Independent Directors.

Amended Regulation

At least two thirds of NRC members shall be Independent Directors.

Purpose : To increase the participation of Independent Directors, the change has been effected.

Impact on TI : Our current NRC Committee comprises of four members, all of whom are Independent Directors.

Approval of Related Party Transactions

Existing Regulation	Amended Regulation
RPT Transactions were to be approved by Audit Committee as a whole .	RPT Transactions will now be approved by Independent Directors only .

Purpose : To give complete independence at the time of decision making on RPT.

Analysis: (1) Only Independent Directors can vote on this subject matter (2) There is no restriction on participation by Non Independent Director.

Appointment, Re-appointment and Removal of Independent Directors

Existing Regulation	Amended Regulation
<p>In the current scenario, appointment of Independent Director is through Ordinary Resolution while re-appointment and removal of Independent Directors has to be done by way of Special Resolution only.</p>	<p>Appointment, re-appointment and removal of Independent Director has to be done by way of Special Resolution only.</p>

Casual Vacancy in office of Independent Director

Existing Regulation

Till now casual vacancy in the office of Independent Director was to be filled up at **immediate next board meeting or three months whichever is later.**

Amended Regulation

Casual vacancy in the office of Independent Director has to be filled up **within a period of three months.**

Purpose: Companies need to have a float of Independent Directors so that it does not have to spend time in finding right candidate

Directors and Officers Liability Insurance

Existing Regulation

Till now Directors and Officers Liability Insurance had to be taken by top 500 companies.

Amended Regulation

Top 1000 companies as per market capitalization as on March 31, 2021 shall have to take up Directors and Officers Liability Insurance by January 1, 2022.

Impact on TI :

TI already has the Directors and Officers Liability insurance cover in place of Rs 10 crores.

Condition for re-appointment of Independent Director as Executive/ whole time Director

Existing Regulation	Amended Regulation
No such provisions till now.	If an Independent Directors has resigned from a listed entity he shall not be appointed as Executive / whole time director on the board of the listed entity its holding, subsidiary or associate company or on the board of company belonging to promoter group for a period of one year.
Purpose :Discourage practices like ID leaving citing improper reason and joining other boards or taking up executive position in the group.	

Intimation of Resignation of Independent Director

Existing Regulation	Amended Regulation
<p>There was no such requirement for disclosure of resignation letter till now but many companies were doing it voluntarily.</p>	<p>Resignation letter of Independent Director with reasons shall be submitted to stock exchange. Also the names of listed entities where the resigning director holds directorships indicating the category of directorships and membership of board committees, if any shall also be disclosed.</p>
<p>Purpose :Increase in disclosures/ transparency revolving IDs resignation</p>	

Details of companies from where Independent Director has resigned in last three years

Existing Regulation	Amended Regulation
Till now no such provision	In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with details of listed companies from which the persons has resigned in the past three years.
Purpose : Increase in disclosures/ transparency	

Disclosure regarding Skills and capabilities of ID

Existing Regulation

Till now no such provision.

Amended Regulation

At the time of appointment of Independent Director the skills and capabilities required for the role for which appointment is proposed and the manner in which the proposed appointee meets such requirements shall be disclosed to members of company.

Purpose : In addition to 'what' and 'who'; now disclosure required is 'HOW'. Increase in disclosures/ transparency will help members take decisions on appointment of Independent Directors.