

Provisions regarding appointment of Independent Director (ID)

Governing Provisions:

1. Companies Act, 2013 and rules made thereunder (CA, 2013)
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR, 2015)
3. SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Reg, 2015 or Insider Regulations)
4. Secretarial Standards 1 & 2 (SS-1 and SS-2)
5. SEBI, NSE and BSE Circulars (Circulars)
6. MCA Notifications (Notification)

Note: Pursuant to Sec. 150 read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014

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

1. Every individual-
 - (b) who intends to get appointed as an independent director in a company after such commencement, shall before such appointment, apply online to the institute for inclusion of his name in the data bank for a period of one year or five years or for his life-time, and from time to time take steps as specified in sub-rule (2), till he continues to hold the office of an independent director in any company:

Provided that any individual, including an individual not having DIN, may voluntarily apply to the institute for inclusion of his name in the data bank.
2. Every individual whose name has been so included in the data bank shall file an application for renewal for a further period of one year or five years or for his life-time, within a period of thirty days from the date of expiry of the period upto which the name of the individual was applied for inclusion in the data bank, failing which, the name of such individual shall stand removed from the data bank of the institute:

Provided that no application for renewal shall be filed by an individual who has paid life-time fees for inclusion of his name in the data bank.
3. Every independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act.

❖ **Full assignments on provisions of data bank will be shared separately.**

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Procedure for Appointment of Independent Director

Step-1: Convening Nomination and Remuneration Committee (NRC) Meeting:

Convene a NRC Meeting and recommend the appointment and remuneration to Board of Directors, after evaluation of skills, knowledge and experience of the candidate.

Ref: Section 173 read with SS-1 and Reg. 19 & (Part D of Sch. II) of LODR, Reg. 2015

Step-2: Issue notice of Board Meeting:

A Notice for convening BoD meeting shall be issued to all directors and invitee(s), if any, by the Company.

Ref: Section 173& 174 read with SS-1.

Step-3: Intimation of Closure of Trading Window: [Pdf mode-Recommendatory]

The Company is required to intimate the Stock Exchange(s) regarding the closure of trading window.

Ref: Reg 9 read with Schedule B of PIT Regulations 2015

Step-4: Intimation of Closure of Trading Window: [XBRL mode- Recommendatory]

The Company has to submit XBRL utility file, with Stock Exchange(s), **within 24 hours from submission in pdf mode.**

BSE Circular dated 08.12.2023:- <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20231208-34>

NSE Circular dated 08.12.2023:- <https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE%20Circular-%20Filing%20of%20Announcements%20pertaining%20to%20Loss%20and%20Duplicate%20Share%20Certificate%2C%20Trading%20Window%2C%20CIRP%20in%20XBRL%20format%20on%20NEAPS%201.pdf>

Step-5: Entry in SDD maintained with Designated Depository (NSDL/CDSL):

The Company is required to update the details including closing and opening date of trading window in SDD system maintained with Designated Depository.

Ref: Reg 3(5) & (6) of PIT Regulations read with Stock Exchanges circulars

BSE Master Circular dated 30.06.2023:- <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230630-12>

NSE Circular dated 05.07.2023:- https://nsearchives.nseindia.com/web/sites/default/files/inlinefiles/NSE_CIRCULAR_05072023_EQUITY.zip

Step-6: Convene Board Meeting for consideration of appointment of Independent Director (ID) (Subject to SHS' approval) & approve notice of GM:

The Company has to convene BoD meeting and approve the appointment and all fees or compensation to ID as an additional Director subject to approval of Shareholders in general meeting.

Ref: Sec. 173, 174 & rules made under Companies Act, 2013 read with Reg. 17 of SEBI LODR, Reg. 2015.

Step-7: Submission of Outcome of BoD Meeting: [Pdf Mode]

The Company has to submit the outcome of Board Meeting with the Stock Exchange(s), within 30 minutes from conclusion of Board Meeting.

Ref: Reg. 30 read with Stock Exchanges circulars

BSE Master Circular dated 30.06.2023:- <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230630-12>

NSE Circular dated 05.07.2023:- https://nsearchives.nseindia.com/web/sites/default/files/inlinefiles/NSE_CIRCULAR_05072023_EQUITY.zip

Step-08: Submission of disclosure regarding appointment of Directors : [XBRL mode]

The Company has to submit XBRL utility file, with Stock Exchange(s), within 24 hours from submission in pdf mode.

Ref: Reg. 30 read with Stock Exchanges circulars

BSE Master Circular dated 30.06.2023:- <https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230630-12>

NSE Circular dated 05.07.2023:- https://nsearchives.nseindia.com/web/sites/default/files/inlinefiles/NSE_CIRCULAR_05072023_EQUITY.zip

Step-09: Update website of Company: [Pdf mode]

The Company has to update its website within 02 work days.

Ref: Reg. 46(3) read with reg. 30(8) of LODR, 2015

Step-10: File/Submit e-form DIR 12 with RoC: [Appointment as an Additional Director]

The Company has to file e form DIR-12 with Registrar of Companies (ROC), within 30 days of appointment in BoD Meeting.

Ref: Section 161, 170 read with Rule 18 of the Companies (Appointment and Qualification of Directors) Rules, 2014

Step-11: Advertisement in newspapers regarding GM being held through AV/OAVM facility (Mandatory in case of AGM):

The Company has to advertise in at least 02 newspapers **before sending the notice.**

Ref: MCA circular dated 05.05.2020 read with General Circulars dated 08.04.2020 & 13.04.2020

Step-12: Submission of Newspapers' copies to Stock Exchange(s): [Pdf mode]

The Company has to submit copies of newspapers within 12 hours from publication to Stock Exchange(s).

Ref: Regulation 30(6) read with para 12 of part A Schedule III read with Annexure-II of SEBI Circular dated 13.07.2023

Step-13: Issue of notice to Members for convening a General Meeting: [Pdf mode]

The Company has to issue not less than clear twenty-one days' notice of General meeting.

[Ref-Reg. 17(1C): within 03 months of appointment in BoD Meeting].

Ref: Sec. 101 & Rule 18 of the Companies (Management and Administration) Rules, 2014 read with Reg. 17(1C) of LODR 2015

Step-14: Submission of notice of GM along with Explanatory Statements to Stock Exchange(s): [Pdf mode]

The Company has to file/submit notice of GM along with Explanatory Statements, to Stock Exchange(s), within 12 hours.

Ref: Regulation 30(6) read with para 12 of part A Schedule III read with Annexure-II of SEBI Circular dated 13.07.2023.

Step-15: Submission of Notice of AGM to Stock Exchange(s) : [XBRL mode]

The Company has to file/submit notice in XBRL mode, within 24 hours of submission of Pdf file.

Ref: BSE & NSE Master Circulars dated 30.06.2023 & 05.07.2023

Step-16: Website Updation:

The Company has to update its website within 02 working days by hosting notice and relevant documents of GM.

Ref: Reg. 46(3)

Step-17: Prior intimation of e-voting facility provided through SMS/ Email by listed entities:

The Company has to intimate via SMS/emails to demat holders at least 2 days prior to the date of the commencement of e-voting

Ref: Chapter VI-C of SEBI Master Circular dated 11.07.2023

Step-18: Submission of proceedings of GM: [Pdf mode]

The Company has to submit within 12 hours of GM.

Ref: Reg. 30(6) read with para 13 of part A Schedule III read with Annexure-II of SEBI Circular dated 13.07.2023

Step-19: Submission of voting results along with report of Scrutinizer: [XBRL mode only]

The Company has to submit Voting Results along with Scrutinizer Report, within 02 working days of conclusion of Meeting to Stock Exchange(s)

Ref: Reg. 44(3) read with Stock Exchanges' Circulars

Step-20: Filing of e-form DIR-12 with RoC: [Regarding change in designation from additional to Non-Executive Independent Director]

The Company has to file e-form DIR-12, with Registrar of Companies (ROC), within 30 days of General Meeting.

Ref: Section 149,152 read with Rule 18 of the Companies (Appointment and Qualifications of Directors) Rules, 2014

Step-21: Filing of e-form MGT-14 with ROC:

The Company has to file e-form MGT-14 for passing Special Resolution, with Registrar of Companies (ROC), within 30 days of BoD Meeting.

Ref: Section 117 read with Rule 24 of the Companies (Management and Administration) Rules, 2014

Step-22: Filing of e-form MGT-14 with ROC: [all resolutions passed through Video Conferencing (VC) /Other Audio Visual Means (OAVM)]

The Company has to file e-form MGT-14 for Submission of all resolutions passed through Video Conferencing (VC) /Other Audio Visual Means (OAVM), within 60 days of General Meeting.

Ref: MCA Circular no. 14/2020, dated 08.04.2020 read with 05.05.2020

Step-23: Recorded Transcript to be placed on website of the Company:

The Company has to place transcript of general meeting, on its website.

Ref: MCA Circular no. 14/2020, dated 08.04.2020 read with 05.05.2020

Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015
1.	Definition	<p>Section 2(47):</p> <p>"Independent Director" means an independent director referred to in sub-section (6) of section 149.</p> <p>Section 149(6): Qualifications to become an Independent Director</p> <p>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,-</p> <p>(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;</p> <p>(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;</p> <p>(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;</p> <p>(c) who has or had no 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;</p> <p>(d) none of whose relatives—</p> <p>(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the</p>	<p>Reg. 16(1)(b):</p> <p>"Independent Director" means a non-executive director, other than a nominee director of the listed entity:</p> <p>(i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;</p> <p>(ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;</p> <p>(iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;</p> <p>(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;</p> <p>(v) none of whose relatives—</p> <p>(A) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the</p>

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		<p>two immediately preceding financial years or during the current financial year:</p> <p>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;</p> <p>(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;</p> <p>(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</p> <p>(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);</p> <p>(e) who, neither himself nor any of his relatives-</p> <p>(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or</p>	<p>current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;</p> <p>(B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;</p> <p>(C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or</p> <p>(D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:</p> <p>Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.</p> <p>(vi) who, neither himself / herself, nor whose relative(s) —</p> <p>(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to</p>

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		<p>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;</p> <p>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.</p> <p>(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-</p> <p>(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or</p> <p>(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;</p> <p>(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or</p> <p>(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization 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</p> <p>(f) who possesses such other qualifications as may be prescribed.</p> <p>Rule-5 of Companies (Appointment and Qualifications of Directors) Rules, 2014</p>	<p>the promoter group of the listed entity, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:</p> <p>Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.</p> <p>(B) 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 -</p> <p>(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or</p> <p>(2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;</p> <p>(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or</p> <p>(D) is a chief executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts or corpus from the listed entity, 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 listed entity;</p> <p>(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;</p> <p>(vii) who is not less than 21 years of age.</p>

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		<p>(1) 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.</p> <p>(2) 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,</p> <p>(3) for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year.</p>	<p>(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:</p> <p>Explanation- In case of a 'high value debt listed entity':</p> <p>(a) which is a body corporate, mandated to constitute its board of directors in a specific manner in accordance with the law under which it is established, the non- executive directors on its board shall be treated as independent directors;</p> <p>(b) which is a Trust, mandated to constitute its 'board of trustees' in accordance with the law under which it is established, the non-employee trustees on its board shall be treated as independent directors.</p>
2.	Provisions regarding appointment or re-appointment	<p>1. Recommendation by Nomination and Remuneration Committee</p> <p>Sec. 178(2):</p> <p>The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.</p>	<p>1. Recommendation of Nomination & Remuneration Committee:</p> <p>Reg. 19(4) read with Part D Para A of the Schedule II:-</p> <p>1A) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:</p> <p>a) use the services of an external agencies, if required;</p> <p>b) consider candidates from a wide range of backgrounds, having due regard to diversity; and</p>

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		<p>2. Appointment by Board Directors (subject to Shareholders' approval): Sec. 179,161, 149 & 152 & rules made thereunder.</p> <p>3. Approval of Shareholders: Sec. 152(2) read with sec. 149(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.</p> <p>Terms of appointment: Sec. 149(11) & (13):</p>	<p>c) consider the time commitments of the candidates.</p> <p>1) formulation of criteria for evaluation of performance of independent directors and the board of directors;</p> <p>4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.</p> <p>5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.</p> <p>2. Appointment by Board of Directors (subject to Shareholders' approval):</p> <p>3. Approval of Shareholders: Reg. 25(2): Obligations with respect to independent directors The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and</p>

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		<p>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:</p> <p>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.</p> <p>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.</p>	<p>the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under sub-regulation (2A):</p> <p>Provided further that an independent director appointed under the first proviso shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.</p>
3.	Appointment as Alternate Director	<p>Sec. 161(2): Alternate Director:</p> <p>The Board of Directors of a company may, if so authorised by its articles or by a resolution passed by the company in general meeting, appoint a person, not being a person holding any alternate directorship for any other director in the company or holding directorship in the same company, to act as an alternate director for a director during his absence for a period of not less than three months from India:</p> <p>Provided that no person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of this Act:</p> <p>Provided further that an alternate director shall not hold office for a period longer than that permissible to the director in</p>	<p>Reg. 25(1): Alternate Director:</p> <p>No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.</p>

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		<p>whose place he has been appointed and shall vacate the office if and when the director in whose place he has been appointed returns to India</p> <p>Provided also that if the term of office of the original director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original, and not to the alternate director.</p>									
4.	Minimum no. of Independent Director	<p>Sec. 149(4) read with rule 4 of Companies (Appointment And Qualifications of Directors) Rules 2014:</p> <p>The following class or classes of companies shall have at least two directors as independent directors -</p> <p>(i) the Public Companies having paid up share capital of ten crore rupees or more; or</p> <p>(ii) the Public Companies having turnover of one hundred crore rupees or more; or</p> <p>(iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees:</p> <p>The following classes of unlisted public company shall not be covered under sub-rule (1), namely:-.</p> <p>(a) a joint venture;</p> <p>(b) a wholly owned subsidiary; and</p> <p>(c) a dormant company as defined under section 455 of the Act</p>	<table><tr><td>If regular non-executive chairperson, is a promoter/is related to any promoter/ person occupying management positions at the level of board of director/at one level below the board of directors</td><td>Outstanding SR equity shares</td></tr><tr><td>Min. 50 % of total Directors</td><td>Min. 50 % of total Directors</td></tr></table> <p>Reg. 17(1)(b):</p> <table><tr><td>If chairperson of BoD, is NED</td><td>If chairperson of BoD is ED</td></tr><tr><td>Min. 1/3 of total Directors</td><td>Min. 50 % of total Directors</td></tr></table> <p>Explanation.- For the purpose of this clause, the expression “related to any promoter” shall have the following meaning:</p> <p>(i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;</p>	If regular non-executive chairperson, is a promoter/is related to any promoter/ person occupying management positions at the level of board of director/at one level below the board of directors	Outstanding SR equity shares	Min. 50 % of total Directors	Min. 50 % of total Directors	If chairperson of BoD, is NED	If chairperson of BoD is ED	Min. 1/3 of total Directors	Min. 50 % of total Directors
If regular non-executive chairperson, is a promoter/is related to any promoter/ person occupying management positions at the level of board of director/at one level below the board of directors	Outstanding SR equity shares										
Min. 50 % of total Directors	Min. 50 % of total Directors										
If chairperson of BoD, is NED	If chairperson of BoD is ED										
Min. 1/3 of total Directors	Min. 50 % of total Directors										

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			(ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.
5.	Remuneration	<p>1. Nomination and Remuneration Committee:</p> <p>Sec. 178(4): The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that—</p> <p>(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;</p> <p>(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</p> <p>(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:</p> <p>2. Board of Directors: Sec. 149(9):</p> <p>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</p>	<p>1. Nomination & Remuneration Committee:</p> <p>Reg. 19(4) read with Part D Para A of the Schedule II:-</p> <p>(1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;</p> <p>(1A) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.</p> <p>(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;</p> <p>(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.</p> <p>2. Board of Directors:</p> <p>Reg. 17(6) read with Part D Para A of the Schedule II:-</p> <p>a) The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting.</p> <p>b) The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits</p>

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		<p>profit related commission as may be approved by the members.</p> <p>Provided that if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V.</p> <p>Sec. 197(5) read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:</p> <p>A director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board:</p> <p>Provided that the amount of such fees shall not exceed the amount as may be prescribed:</p> <p>Provided further that different fees for different classes of companies and fees in respect of independent director may be such as may be prescribed.</p> <p>A company may pay a sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed one lakh rupees per meeting of the Board or committee thereof:</p> <p>Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.</p>	<p>prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.</p> <p>c) Independent directors shall not be entitled to any stock option.</p>

Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015
		<p>3. Shareholders: Sec. 197 read with Schedule II): (1) The total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent. of the net profits of that company for that financial year computed in the manner laid down in section 198 except that the remuneration of the directors shall not be deducted from the gross profits: Provided that the company in general meeting may, authorize the payment of remuneration exceeding eleven per cent. of the net profits of the company, subject to the provisions of Schedule V: Provided further that, except with the approval of the company in general meeting By a special resolution,— i. the remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent. of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent. of the net profits to all such directors and manager taken together; ii. the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—</p>	<p>3. Shareholders: Reg. 17(6)(ca): The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.</p>

Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015
		<p>(A) one per cent. of the net profits of the company, if there is a managing or whole-time director or manager;</p> <p>(B) three per cent. of the net profits in any other case.</p>	
6.	Filling up of casual Vacancy	<p>Section 149(4) & rule 4 of Companies (Appointment And Qualifications of Directors) Rules 2014 r/w Schedule IV (VI): Any intermittent vacancy of an independent director shall be filled-up by the Board at the earliest but not later than three months from the date of such vacancy.</p> <p>Provided also that where a company ceases to fulfil any of three conditions laid down in sub-rule (1) for three consecutive years, it shall not be required to comply with these provisions until such time as it meets any of such conditions.</p>	<p>Reg.25(6):</p> <p>An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than three months from the date of such vacancy.</p> <p>Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.</p>
7.	Code of Conduct	<p>Sec. 149(8) read with Schedule IV:</p> <p>The company and independent Directors shall abide by the provisions specified in Schedule IV.</p>	<p>Reg.17(5):</p> <p>The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.</p>
8.	Separate Meeting(s)	<p>Sec. 149 (8) read with Schedule IV(VII):</p> <p>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;</p> <p>All the independent Directors of the company shall strive to be present at such meeting;</p>	<p>Reg.25(3):</p> <p>The independent directors of the listed entity shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.</p>

Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015														
9.	Quorum in Meetings	<p>Section 174(1): Board Of Directors</p> <table><tr><td>All Companies</td><td>1/3 of total Directors or 2 Directors, whichever is higher</td></tr></table> <p>Section 177 read with SS-1: Audit Committees</p> <table><tr><td>All Companies</td><td>1/3 of total Directors or 2 Directors, whichever is higher</td></tr></table> <p>Section 178 read with SS-1: NRC</p> <table><tr><td>All Companies</td><td>1/3 of total Directors or 2 Directors, whichever is higher</td></tr></table>	All Companies	1/3 of total Directors or 2 Directors, whichever is higher	All Companies	1/3 of total Directors or 2 Directors, whichever is higher	All Companies	1/3 of total Directors or 2 Directors, whichever is higher	<p>Reg. 17(2A): Board of Directors w.e.f. 01.04.2020</p> <table><tr><td>Top 2000 Cos</td><td>1/3 of total Directors or 3 Directors, whichever is higher including 01 Independent Director</td></tr><tr><td>Others Cos.</td><td>1/3 of total Directors or 2 Directors, whichever is higher</td></tr></table> <p>Reg. 18(2): Audit Committees</p> <table><tr><td>All listed Entities</td><td>1/3 of total Directors or 2 Directors, whichever is higher including 02 Independent Director</td></tr></table> <p>Reg. 19(2A): NRC</p> <table><tr><td>All listed Entities</td><td>1/3 of total Directors or 2 Directors, whichever is higher including 01 Independent Director</td></tr></table>	Top 2000 Cos	1/3 of total Directors or 3 Directors, whichever is higher including 01 Independent Director	Others Cos.	1/3 of total Directors or 2 Directors, whichever is higher	All listed Entities	1/3 of total Directors or 2 Directors, whichever is higher including 02 Independent Director	All listed Entities	1/3 of total Directors or 2 Directors, whichever is higher including 01 Independent Director
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10.	“Director and Officer” (D& O) Insurance	<p>Sec. 149 (8) read with Schedule IV(IV)(4):</p> <p>Provision for Directors and Officers (D and O) insurance, if any;</p>	<p>Reg. 25(10): W.e.f. 01.01.2022</p> <p>Top 1000 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance (‘D and O insurance’) for all their independent directors of such quantum and for such risks as may be determined by its board of directors.</p> <p>Reg. 25(12):</p> <p>A ‘high value debt listed entity’ shall undertake Directors and Officers insurance (D and O insurance) for all its independent directors for such sum assured and for such risks as may be determined by its board of directors.</p>														

Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015										
11.	Cooling Off Period	<p>Sec. 149(10) & (11):</p> <p>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 re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.</p> <p>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:</p> <p>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.</p>	<p>Reg. 25(11):</p> <p>No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the listed entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.</p>										
12.	Limit on Maximum number of Directorships	<p>Section 165: Number of Directorships</p> <table><tr><td>Public Companies</td><td>10</td></tr><tr><td>Private Companies</td><td>20</td></tr></table>	Public Companies	10	Private Companies	20	<p>Reg. 17A:Maximum number of directorships W.e.f. 01.04.2020</p> <table><tr><td>Maximum number of directorships, including any alternate directorships</td><td>07</td></tr><tr><td>Maximum number of Independent directorships if he is not Managing / Whole time Director in any other equity listed entity</td><td>07</td></tr><tr><td>Maximum number of Independent directorships if he is Managing / Whole time Director in any other equity listed entity</td><td>03</td></tr></table>	Maximum number of directorships, including any alternate directorships	07	Maximum number of Independent directorships if he is not Managing / Whole time Director in any other equity listed entity	07	Maximum number of Independent directorships if he is Managing / Whole time Director in any other equity listed entity	03
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Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015										
13.	Limit on Maximum number of Membership / Chairpersonship	<p>Section 165: Number of Directorships</p> <table><tr><td>Public Companies</td><td>10</td></tr><tr><td>Private Companies</td><td>20</td></tr></table> <p>Where limit/restriction has not been specified for Independent Directorship/ Membership/ Chairpersonship, it is presumed that a director is allowed to hold such position as Independent Director/ Member/ Chairperson to the extent permitted by provision of Section 165 of Companies Act, 2013</p>	Public Companies	10	Private Companies	20	<p>Reg. 17A: With effective from 01.04.2020</p> <table><tr><td>Maximum number of Membership in public Companies ⚡</td><td>10</td></tr><tr><td>Maximum number of Chairpersonship in public Companies ⚡</td><td>05</td></tr></table> <p>⚡ Only Audit and Stakeholders Relationship Committee alone shall be considered for purpose of Corporate Governance.</p>	Maximum number of Membership in public Companies ⚡	10	Maximum number of Chairpersonship in public Companies ⚡	05		
Public Companies	10												
Private Companies	20												
Maximum number of Membership in public Companies ⚡	10												
Maximum number of Chairpersonship in public Companies ⚡	05												
14.	Annual Evaluation	<p>Section 149(8) read with Schedule IV :</p> <table><tr><td>Evaluation Criteria formulated by</td><td>Nomination and Remuneration Committee</td></tr><tr><td>Evaluation carried /done by</td><td>Entire Board of Directors [excluding the director being evaluated]</td></tr></table> <p>[Paragraph VII-Evaluation Mechanism]</p>	Evaluation Criteria formulated by	Nomination and Remuneration Committee	Evaluation carried /done by	Entire Board of Directors [excluding the director being evaluated]	<p>Reg. 17(10):</p> <table><tr><td>Evaluation Criteria formulated by</td><td>Nomination And Remuneration Committee</td></tr><tr><td>Monitored and reviewed by</td><td>Board of Directors</td></tr><tr><td>Evaluation carried /done by</td><td>Entire Board of Directors [directors who are subject to evaluation shall not participate]</td></tr></table>	Evaluation Criteria formulated by	Nomination And Remuneration Committee	Monitored and reviewed by	Board of Directors	Evaluation carried /done by	Entire Board of Directors [directors who are subject to evaluation shall not participate]
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15.	Register / Entry in System to be maintained	<p>Sec. 170: Register of Directors and key Managerial Personnel and their Shareholding</p>	<p>Reg. 3(5) & (6) of PIT Reg 2015: Structured Digital Database</p>										

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Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015
		<p>Every company shall keep at its registered office a register containing such particulars of its directors and key managerial personnel as may be prescribed, which shall include the details of securities held by each of them in the company or its holding, subsidiary, subsidiary of company's holding company or associate companies.</p> <p>Rule 17 of Companies (Appointment and Qualifications of Directors) Rules, 2014.</p> <p>Sec. 189(2): Register of Contracts or Arrangements in Which Directors are Interested</p> <p>Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in sub-section (1) of section 184 relating to his concern or interest in the other associations which are required to be included in the register under that sub-section or such other information relating to himself as may be prescribed.</p> <p>Rule 16 of Companies (Meetings of Board and its Powers) Rules, 2014. –Form MBP 4</p>	<p>The board of directors or head(s) of the organization of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.</p> <p>The board of directors or head(s) of the organization of every person required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.</p> <p>NSE and BSE Circulars:</p> <p><i>The listed entities are advised to take a note that the listed entities to whom the provisions of Regulation 24A of SEBI(LODR) Regulations, 2015 are not applicable, are required to continue to submit SDD Compliance certificate on quarterly basis, within 21 days from end of each quarter.</i></p>
16.	Disclosure(s) required	<ol style="list-style-type: none"> 1. Consent to act as Director form DIR-2 [Appointment] 2. Disclosure of Interest form MBP-1[Appointment/ if any changes therein & Annually] 	<ol style="list-style-type: none"> 1. Form- A [Reg 7 (1) (b) & reg. 6(2) of PIT Reg. 2015 [Appointment]

Sr. No.	Nature of Difference	Companies Act, 2013	SEBI LODR, Reg. 2015
		<p>3. Declaration of Non-Disqualification in form DIR-8 [Appointment/ annually]</p> <p>4. List of deemed Relatives [Appointment / annually]</p> <p>5. Declaration of Independence [Appointment / annually]</p> <p>* Appointment also includes re-appointment.</p>	<p>2. Disclosure by Designated Person- Reg. 9 read with Sch. B of PIT Reg. 2015[Annually]</p> <p>3. Code of Conduct -Reg 25(3) of LODR. 2015. [Annually]</p> <p>4. Details including date of appointment, brief profile, terms, disclosure with directors and Enforcement of SEBI Orders regarding appointment of Directors by listed companies. [Appointment]</p> <p>5. Committee position including membership and Chairpersonship Reg. 26(2) [Appointment/ if any changes therein & Annually]</p> <p>*Appointment also includes re-appointment.</p>

Notes:

- In case of **Government Company** - Section 170 shall not apply to Government Company in which the entire share capital is held by the Central Government, or by any State Government or Governments or by the Central Government or by one or more State Governments. - **Notification dated 5th June, 2015.**
- In case of **Specified IFSC Public and Private Companies** in Sub-section (2) of section 170 for the words “thirty days” at both places read as “sixty days”. - **Notification Dated 4th January 2017.**
- In case of **Section 8 Company** - Section 170 shall not apply. - **Notification dated 5th June, 2015.**
- In case of **Government Companies**: Provisions in Sub-section (2) (3) & (4) of section 178 shall not apply except with regard to appointment of 'senior management' and other employees”. - **Notification Dated 5th June, 2015.**
- In case of **Specified IFSC Public Companies** - Section 178 shall not apply. - **Notification dated 4th January 2017.**

Thank you so much for your support & *Sharing is Caring always...*
Shree Radhe Krishna...

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