

PREFACE TO REVISED EDITION

The Institution of independent directors is playing an important role in the corporate governance framework and keeps on evolving to raise the standards of independence. While, it may take some time before institutional wisdom takes deeper roots in the governance fabric, the regulators across the jurisdictions are emphasizing on various parameters that determine the independence of directors and necessary to balance the interest of all stakeholders in corporate democracy.

The effectiveness of the institution of independent directors can be improved to a great extent if independent directors are made aware of the issues, challenges, responsibilities, statutory duties, liabilities and expectations associated with their position. Keeping this in mind, the Institute of Company Secretaries of India (ICSI) has introduced a comprehensive Guidance Note on Independent Directors in the year 2020.

Subsequent to the release of the Guidance Note on Independent Directors certain provisions of the Companies (Amendment) Act, 2020 were notified by the Ministry of Corporate Affairs and major amendments were introduced by SEBI in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to further strengthen the institution of independent directors. These recent amendments have significantly evolved the legal framework pertaining to Independent Directors, which essentially lead to revision of the Guidance Note on Independent Directors with an objective to provide updated guidance on the subject to all stakeholders.

This revised edition of the Guidance Note on Independent Directors besides covering the issues and challenges, also includes updated statutory and regulatory provisions, code of conduct and compliances pertaining to independent directors. In addition, the Guidance Note also provides considered views on various aspects of the subject to facilitate easy understanding and compliance of law both in letter and spirit.

I place on record my sincere thanks to all the members of Secretarial Standards Committee (SSC) and Expert Group on Secretarial Standards, for their valuable contribution in finalising this revised edition of the Guidance Note on

Independent Directors, under the leadership of CS B. Narasimhan, Chairman-SSC and CS Satwinder Singh. My special thanks to CS Manikantha AGS (Group Convener) for his immense contribution during this exercise.

I also commend the dedicated efforts put in by CS Rakesh Kumar, Assistant Director under the guidance of CS Saurabh Jain, Joint Director in bringing out this revised edition of the Guidance Note on Independent Directors under the stewardship of CS Asish Mohan, Secretary, ICSI.

I am sure that this revised edition of the Guidance Note on Independent Directors will be immensely useful for all stakeholders especially the independent directors and will be of practical value to those entrusted with the compliance of provisions pertaining to independent directors.

I request my professional colleagues to ensure compliance of legal provisions on the subject and promote good corporate governance in the light of this Guidance Note.

Improvement is a continuous process and equally applicable to this Guidance Note. I would personally be grateful to the readers for offering their suggestions/comments for further advancement of this Guidance Note.

Place: Bengaluru

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CS Nagendra D. Rao

President

The Institute of Company Secretaries of India