**Frequently Asked Questions arising out of Webinar on “Women Independent Directors” held on 26th July, 2020**

**Recorded version of Webinar is available at womenportal.icai.org**

Q. Can a Women CA in service be given an appointment as Independent Director in another Company?

An Independent Director is Non-executive Director, therefore a Woman CA in service can be appointed as an Independent Director in another Company.

Q. For how many companies can a women professional become an Independent Director?

As per Companies Act, 2013 - No specific limit on the number of independent directorships. However, a person cannot be a director of more than 10 public companies.[Sec 165]

As per SEBI (LODR)

(a) A person may serve as an Independent Director in maximum seven (7) listed companies.

(b) Any person serving as a Whole-time Director/Managing Director in any listed company, shall serve as an Independent Director in maximum three (3) listed companies. [Reg 17A]

Q. What is the Minimum age and maximum age limit to get appointment as Independent Director?

As per Companies Act, 2013

Minimum Age: Not prescribed. However no person to be appointed as Director, unless she/he has been allotted DIN. For applying DIN minimum age is 18 years.[152(3)]

Maximum Age: No limit

 As per SEBI (LODR)

 Minimum Age: 21 Years

Maximum Age: 75 Years. Post 75 years, and ID can be appointed by passing Special Resolution.[Reg 16 & 17]

Q. If a women has an experience of more than 10 years as Independent director; does she need to pass the examination?

It will depend on the type of Company(ies) where she served as Independent Director.

As per Companies Act, 2013

i. Every individual who has been appointed as an Independent Director in a Company shall within a period of 3 (three) months from 01/12/2019, or

ii. who intends to get appointed as an Independent Director in a company after 01/12/2019

shall before such appointment apply to Indian Institute of Corporate Affairs at ‘Manesar’ (Haryana) for inclusion of her or his name in the databank of the Ministry and also to pass an online self assessment test.

Exemption: Individuals who had already served as a director or KMP (Key Managerial Personnel) for atleast 10 years in a listed public Company/unlisted public company having a paid up share capital of Rs 10 Crores or more/listed body corporate are exempted from taking the online proficiency self-assessment test. [Rule 6(4) of The Companies (Appointment and Qualification of Directors) Rules 2014].

Q.With the present challenging economic and global scenario, what do you consider the most important role of an Independent Director?

In the present time when financial markets and mutual funds are reeling under unforeseen economic pressure, Independent Directors will have to ensure that public stake in the Company is protected, while the Company takes measures to ensure seamless continuity.

In a revised framework of the post-COVID market scenario, Independent Directors will need to revitalise their role to protect their company from the envisaged economic distress and ensure corporate credibility. An additional duty for these governance-guardians of the board is to ensure that their companies put in place adequate guidelines and policies to safeguard the company’s stakeholders.

Q.What is the role of Independent director in the overall corporate governance structure of the organization?

The Independent Directors contribute to the board by constructively challenging the development of policy decisions and company strategies. They also scrutinize the performance of the management and hold them accountable for their actions. Independent Directors help in bringing Independent judgement and act as a bridge between management and shareholders by encouraging the principles of Corporate Governance through providing transparency, accountability and disclosures in the working of the Company and assist the Company in implementing the best corporate governance practices.

Q. What is the essential skill set an individual should have, to become a successful Independent director?

There are six key skills and characteristics that every Independent director should have—leadership, critical thinking, business acumen, integrity, interpersonal skills, and sound judgement.

Q. What are the prerequisite actions that a women professional should undertake before accepting a position as Independent Director in a company?

Before accepting a position as Independent Director, following due diligence activities are recommended to be undertaken by an individual :

* Review of Notes to Balance Sheet, proper follow up of Internal Finance Controls and consistent filing of annual accounts
* Knowledge of Payment of interest and dividend
* Review of Holding of promoters and pledging of shares by them
* Knowledge of Public shareholding, professional management
* Knowledge of Change in auditor in last few years
* Structure of corporate controls, no. of subsidiaries
* Cash flow and fund flow
* Debt Service Coverage Ratio, Price Earning (P/E) Ratio, Return on Equity (ROE), Return on Capital Employed (ROCE)
* Nature of industry
* What is level of competition in market, competitor companies
* What is the Quality of products etc.
* Whether it is a Start up, old manufacturing company or a technology company
* Market share