



drishti

e-Registration for Independent Directors

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The Ministry of Corporate Affairs (MCA) is considering a proposal under which all **independent directors of corporates may have to go through a registration process.**

- A corporate administrator or a promoter, who may be an executive director on the board, will also have to register if he or she is an independent director on the board of another company.
- The registration process will be **in addition to the Director Identification Number (DIN)**, where a KYC process was recently undertaken.
- The move follows earlier efforts by the ministry to put in place **a screening mechanism for independent directors** after several Indian companies led by IL&FS were hit by a series of irregularities and the role of several individuals had come under the scanner.

Independent Director

An independent director is a **non-executive director who does not have any pecuniary relationship** with the company, its promoters, senior management or affiliate companies, is not related to promoters or the senior management, and/or has not been an executive with the company in the three preceding financial years.

Director Identification Number (DIN)

- DIN is a **unique identification number** allotted by the Central Government to any person intending to be a director or an existing director of a company.
- It is an **8-digit identification number** which has lifetime validity. Through DIN, details of the directors are maintained in a database.
- DIN is **specific to a person**, which means even if he is a director in two or more companies, he has to obtain only one DIN. And if he leaves a company and joins some other, the same DIN would work in the other company as well.