

## Summary on Directors Section [149 – 172]

| Section                                                                                                                                                                                                                                                                                                                                                   | Topic                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Description                                                                                                                                                                  |
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| 2(10)                                                                                                                                                                                                                                                                                                                                                     | Board of Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Collective body of the directors of the company                                                                                                                              |
| 2(34)                                                                                                                                                                                                                                                                                                                                                     | Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Director appointed to the <b>board of a company</b>                                                                                                                          |
| 149                                                                                                                                                                                                                                                                                                                                                       | <b>Company to have Board of Directors</b><br><b>Every company</b> shall have a Board of Directors consisting of <b>individuals</b> as directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                           | <b>Minimum Directors</b> → Sec 149(1)(a)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Maximum Directors</b> → Sec 149(1)(b)                                                                                                                                     |
|                                                                                                                                                                                                                                                                                                                                                           |  Public Company – 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  15 director <b>without</b> SR                                                              |
|                                                                                                                                                                                                                                                                                                                                                           |  Private Company – 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  More than 15 director by passing SR                                                        |
|                                                                                                                                                                                                                                                                                                                                                           |  One person Company – 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Not applicable to a Government Company</b>                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                           | <b>Type of Directors</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                           | <b>Resident Director</b><br>Every company shall have <b>at least one director</b> who has stayed in India for a <b>total period</b> of <b>Not less than 182 days</b> in the <b>previous calendar year</b> such director is named as Resident director<br>✓ Companies incorporated after 30 <sup>th</sup> September 2014 should have a resident director at the incorporation stage itself                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                           | <b>Woman Director (Rule 3)</b><br> Every listed company<br> Unlisted Public Company having <ul style="list-style-type: none"><li>• Paid up share capital <b>100cr</b> or more or</li><li>• Turnover of <b>300 Cr</b> or more</li></ul> <div style="margin-left: 400px;">} (Last day of Latest Audited FS)</div>                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                           | <b>Independent Director(Rule 4)</b><br> Every <b>listed public company</b> shall have <b>at least 1/3<sup>rd</sup></b> of the total number of directors as independent directors –Sec 149(4)<br> The following class or classes of companies shall have <b>at least two directors</b> as independent directors – <ul style="list-style-type: none"><li>• Public Companies having Paidup Share Capital of <b>10 Cr or more</b> or</li><li>• Public Companies having <b>turnover</b> of <b>100 Cr or more</b> or</li><li>• Public Companies which have, in <b>aggregate</b>, outstanding loans, debentures and deposits, <b>exceeding 50 Cr</b></li></ul> |                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                           | Any intermittent vacancy of a <b>woman director</b> or <b>Independent Director</b> shall be filled-up by the Board at the earliest <b>but not later</b> than immediate <u>next Board meeting or three months</u> from the date of such vacancy <b>whichever is later</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                              |
| 149(6)                                                                                                                                                                                                                                                                                                                                                    | Who is an independent director?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | An independent director in relation to a company, means a director <b>other than</b> a <b>managing director</b> or a <b>whole-time director</b> or a <b>nominee director</b> |
| As per FAQ of ICSI, an Independent Director of a Company can be appointed as Independent Director of its Associate/sister concern. Also, as per SEBI(LODR)2015 <b>at least one</b> independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non listed Indian subsidiary company |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                              |
| 150                                                                                                                                                                                                                                                                                                                                                       | <b>Manner of selection of ID and maintenance of databank of ID</b><br>An independent director may be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any body, institute or association, as may be notified by the Central Government                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                              |

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|     | <b>This section <del>Not</del> applicable to section 8 companies <del>Section 150</del></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 151 | <p><b><u>Appointment of director elected by small shareholders</u></b></p> <p>A <b>listed company</b> may have <b>one</b> director elected by such small shareholders</p> <p>Who are “small shareholder”?</p> <p>shareholder holding shares of <b>nominal value of not more than 20,000/-</b></p> <p><b>As Per Rule 7</b></p> <p>A <b>listed company</b>, may upon notice of <b>not less than</b></p> <ul style="list-style-type: none"> <li>• 1000 small shareholders or</li> <li>• 1/10<sup>th</sup> of the total number of such shareholders</li> </ul> <p style="text-align: center;">↓</p> <p><b>whichever is lower</b>, have a small shareholders’ director elected by the small shareholders</p> <ul style="list-style-type: none"> <li>✚ Tenure of Small share holders directors is 3 years(maximum)</li> <li>✚ A Person can be a Small share holders director in only 1 company at a time ( maximum ONE company)</li> <li>✚ Small share holders director should be included while calculating total number of directors under section 152(6) however he is not required to retire by rotation</li> </ul> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> <p>listed company can appoint a director representing small shareholders on its own(suo motu)</p> </div> |
| 153 | <p><b><u>Application for allotment of Director Identification Number</u></b></p> <p>Every individual intending to be appointed as director of a company shall make an application for allotment of Director Identification Number to the Central Government in such <b>FORM DIR-3</b></p> <p>✓ A Person is <b>disqualified</b> to be appointed as a director of a company if he <b>not</b> got the DIN</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 154 | <p><b><u>Allotment of Director Identification Number.</u></b></p> <p>The Central Government shall, within one month from the receipt of the application under <b>section 153</b>, allot a Director Identification Number to an applicant</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 155 | <p><b><u>Prohibition to obtain more than one Director Identification Number</u></b></p> <p><b>No</b> individual, who has already been allotted a Director Identification Number under <b>section 154</b>, shall apply for, obtain or possess <u>another</u> Director Identification Number.</p> <p><b>[Surrender DIN in Form DIR-5]</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 156 | <p><b><u>Director to intimate Director Identification Number</u></b></p> <p>Every existing director shall, <b>within one month</b> of the receipt of Director Identification Number from the Central Government, intimate his Director Identification Number to the company or all companies wherein he is a director.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 157 | <p><b><u>Company to inform Director Identification Number to Registrar</u></b></p> <p>Every company shall, <b>within fifteen days</b> of the receipt of intimation under <b>section 156</b>, furnish the Director Identification Number of all its directors to the Registrar or any other officer or authority as may be specified by the Central Government <b>Form DIR-3C</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 158 | <p><b><u>Obligation to indicate Director Identification Number.</u></b></p> <p>Every person or company, while furnishing any return, information or particulars as are required to be furnished under this Act, shall mention the Director Identification Number in such return, information or particulars in case such return, information or particulars relate to the director or contain any reference of any director</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 159 | <p><b><u>Punishment for contravention</u></b></p> <p>If any individual or director of a company, contravenes any of the provisions of <b>section 152</b>, <b>section 155</b> and <b>section 156</b>, such individual or director of the company shall be punishable</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|        | with imprisonment for a term which <b>may extend</b> to <u>6 months</u> or <u>with fine</u> which <b>may extend to 50,000/-</b> and where the contravention is a continuing one, with a further fine which <b>may extend to 500/-</b> for every day after the first during which the contravention continues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 152    | <p><b><u>Appointment of directors</u></b></p> <p>The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them <u>[Regulation (60) of Table F in Schedule I to the Act]</u></p> <p>Where <b>no provision</b> is made in the <b>articles</b> of a company for the appointment of the first director, the subscribers to the memorandum who are individuals shall be deemed to be the first directors of the company until the directors are duly appointed and in case of a One Person Company an individual being member shall be deemed to be its first director until the director or directors are duly appointed by the member in accordance with the provisions of this section 152</p> <ul style="list-style-type: none"> <li>✓ Every director shall be appointed by the company in GM</li> <li>✓ A person appointed as a director shall <b>not</b> act as a director <b>unless</b> he <u>gives his consent to hold the office as director</u> <u>Form DIR-2</u></li> <li>✓ No person shall be appointed as a director of a company <b>unless</b> he has been allotted the Director Identification Number under <u>Section 154</u></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 152(6) | <p><b><u>Rotation of directors</u></b></p> <ul style="list-style-type: none"> <li>✓ The articles may provide for the retirement of all directors at every annual general meeting</li> <li>✓ If articles <b>doesn't provide not less than 2/3<sup>rd</sup></b> of the <b>total number</b> of directors of a <b>public company</b> shall—(any fraction should be rounded off to <b>next</b> nearest number) <ul style="list-style-type: none"> <li>• Be persons whose period of office is liable to determination by retirement of directors by rotation and</li> <li>• <b>Is eligible</b> to be <b>RE-appointed</b> by the company in general meeting under ordinary business as per section 102</li> </ul> </li> </ul> <p><b><u>Non Rotational Director</u></b></p> <ul style="list-style-type: none"> <li>✓ It is the <b>maximum of 1/3<sup>rd</sup></b> of the Total directors who <b>do not</b> retire by rotation in AGM(Non Rotational Directors)</li> <li>✓ While calculating the Total number of directors the following directors shall be <b>excluded</b> <ul style="list-style-type: none"> <li>• Independent director</li> <li>• Nominee director</li> <li>• Casual vacancy of Directors <b>NOT</b> fulfilled</li> </ul> </li> </ul> <p><b><u>Manner of Rotation</u></b></p> <p>Out of 2/3<sup>rd</sup> of Rotational directors <b>at least 1/3<sup>rd</sup></b> of Directors <b>must retire in</b> 1<sup>st</sup> AGM and every Subsequent AGM or if their number is neither three nor a multiple of three, then, the number <b>nearest to 1/3<sup>rd</sup></b>, shall retire from office.</p> <ul style="list-style-type: none"> <li>• The directors to retire by rotation at every annual general meeting shall be those who have been <u>longest in office since their last appointment</u>, if <u>persons became directors on the same day</u>, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot</li> </ul> |

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| 152(7) | <p><b>Position where place of retiring director is <u>NOT filled up</u></b></p> <p>If the vacancy of the retiring director is <b>not</b> so filled-up and the meeting has <b>Not expressly resolved not to fill the vacancy</b>, the meeting shall stand <u>adjourned</u> till the same day in the next week, at the same time and place, <b>or</b> if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.</p> <p>(b) <b><u>If at the adjourned meeting also</u></b>, the vacancy of the retiring director is <b>not</b> filled up and that meeting also has <b>not</b> expressly resolved not to fill the vacancy, the retiring director shall be <b>deemed to have been re-appointed at the adjourned meeting, unless—</b></p> <ul style="list-style-type: none"><li>➤ At that meeting or at the previous meeting a resolution for the reappointment of such director has been put to the meeting and <b>lost</b></li><li>➤ The retiring director has, by a <b>notice in writing</b> addressed to the company or its Board of directors, <b>expressed his unwillingness</b> to be so reappointed</li><li>➤ He is <b>not</b> qualified or is disqualified for appointment</li><li>➤ A resolution, <b>whether special or ordinary</b>, is required for his appointment or reappointment by virtue of any provisions of this Act or</li><li>➤ <b>Section 162</b> is applicable to the case.</li></ul> |
| 160    | <p><b><u>Right of person other than retiring directors to stand for directorship</u></b></p> <p>Notice to be appointed as director by <b>any</b> person at least <b>14 days before GM</b>.</p> <p>Notice shall be deposited at the registered office of the company</p> <p>Deposit-Rs. <b>1,00,000/-</b></p> <p>Type of Resolution – Ordinary Resolution</p> <p>Refund of Deposits of 1,00,000/-</p> <ul style="list-style-type: none"><li>➤ If he gets <b>25% of Vote</b> (<b>either</b> in Poll or on show of hands)</li><li>➤ Is appointed as Director</li></ul> <p>Private companies are <b>exempted</b> from section 160 Notification 5<sup>th</sup> June 2015</p> <p>For Nidhi companies the deposit should be 10,000/- instead of 1,00,000/-</p> <div><p>Section 101 and Section 102 <b>Not</b> required to be complied with while following section 160     <del>21 clear days notice</del></p></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 161(1) | <p><b><u>Additional director</u></b></p> <ul style="list-style-type: none"><li>✓ The board may appoint any person, as an additional director any time, Only If authorized by the AOA.</li><li>✓ A person who fails to get appointed as a director in general meeting, <b>cannot</b> be appointed as an Additional director</li></ul> <p><b>Tenure</b> :- Additional director shall hold office :-</p> <ul style="list-style-type: none"><li>• Upto the date of <b>next AGM</b> or</li><li>• Upto the last date when the AGM was supposed to be held, <b>whichever is earlier</b></li></ul> <p>📌 Regulation 66 of Table F authorizes board to appoint additional director</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 161(2) | <p><b><u>Alternate Director</u></b></p> <p>The Board of Directors of a company may</p> <ul style="list-style-type: none"><li>✓ If so authorized by its <b>articles</b> or by a <b>resolution</b> passed in <b>GM</b></li><li>✓ Appoint a person, <b>not</b> being a person holding <u>any alternate directorship</u> for <b>any other director</b> in the company, to act as an alternate director for a director during his absence for a period of <b>not less than three months</b> from India</li></ul> <p><b>Tenure.</b>– An alternate director shall <b>not hold office</b> for a period longer than that</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|        | permissible to the director in 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 161(3) | <p><b><u>Nominee director</u></b><br/> <b>Subject to</b> the articles of a company<br/> The Board may appoint any person as a director nominated</p> <ul style="list-style-type: none"> <li>✓ By any institution in pursuance of the provisions of any law for the time being in force or of any agreement or</li> <li>✓ By the Central Government or the State Government by virtue of its shareholding in a <b>Government company</b>.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 161(4) | <p><b><u>Casual Vacancy</u></b><br/> In the case of a <b>public company</b>, if the office of any director appointed by the company in general meeting is vacated <b>before</b> his term of office <u>expires in the normal course</u>, the resulting casual vacancy may, in default of and <b>subject to any regulations in the articles</b> of the company, be filled by the Board of Directors at a meeting of the Board<br/> <b>Any</b> person so appointed shall hold office only up to the date up to which the director <b>in whose place he is appointed</b> would have held office if it had not been vacated.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 162    | <p><b><u>Appointment of directors to be voted individually</u></b><br/> Appointment of <b>2 or more person</b> as Directors of the Company by a single resolution is prohibited, <b>unless</b> a resolution has first been agreed at meeting <b>without any vote being cast against it</b>. <b>[Not applicale to private companies MCA notification 5<sup>th</sup> June 2015]</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 163    | <p><b><u>Option to adopt principle of proportional representation for appointment of directors</u></b><br/> The articles of a company may provide for the appointment of <b>not less than 2/3<sup>rd</sup> of the total number of the directors</b> of a company in accordance with the principle of proportional representation, whether by the single transferable vote or by a system of cumulative voting or otherwise and such appointments may be made once in every three years and casual vacancies of such directors shall be filled as provided in <b>section 161(4)</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 164(1) | <p><b><u>Disqualifications for appointment of director</u></b><br/> (1) A person shall <b>not</b> be eligible for appointment as a director of a company, if —</p> <ul style="list-style-type: none"> <li>➤ He is of <b>unsound mind</b> and stands so declared by a competent <b>court</b></li> <li>➤ He is an <b>undischarged insolvent</b></li> <li>➤ He has applied to be <b>adjudicated as an insolvent</b> and his <b>application is pending</b></li> <li>➤ He has been convicted by a <b>court</b> of <b>any offence</b>, <u>whether involving moral turpitude or otherwise</u>, and sentenced in respect thereof to imprisonment for <b>not less than six months</b> and a <b>period of five years</b> has <b>not elapsed</b> from the date of expiry of the sentence.</li> </ul> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>If a person has been convicted of any offence and sentenced in respect thereof to imprisonment <b>for a period of seven years or more</b>, he shall <b>not be eligible</b> to be appointed as a director in <b>any company</b></p> </div> <ul style="list-style-type: none"> <li>➤ An order disqualifying him for appointment as a director has been passed by a <b>court</b> or Tribunal and the order is in force</li> <li>➤ He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call</li> </ul> |

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| 164(2)                                                    | <ul style="list-style-type: none"> <li>➤ He has been convicted of the offence dealing with related party transactions under <a href="#">section 188</a> at any time during the last preceding five years; or</li> <li>➤ He has not complied with sub-section (3) of <a href="#">section 152</a>.</li> </ul> <p><b><u>Disqualification by reason of default made by a company in which he is a director</u></b></p> <p><b>No</b> person who is or has been a director of a company shall be disqualified to be appointed as director of that company or appointed in any other company for a period of 5 years, if the company in which he is a director (<b>applies to both</b> public and private companies )</p> <ul style="list-style-type: none"> <li>➤ Has <b>not</b> filed <b>financial statements</b> or annual returns for any <b>continuous period</b> of <b>three financial years</b> or</li> <li>➤ Has failed to repay the <b>deposits</b> accepted by it or pay interest thereon or to redeem any <b>debentures</b> on the due date or pay interest due thereon or pay any <b>dividend</b> declared and such failure to pay or redeem <b>continues for one year or more</b>,</li> </ul> <p>✚ A <b>private company</b> may by its <u>articles</u> provide for any disqualifications for appointment as a director in <b>addition to those specified ABOVE</b></p>                                                           |      |        |                                     |                                            |                   |                                     |                                                           |                                      |
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| 165                                                       | <p><b><u>Number of directorships</u></b></p> <ul style="list-style-type: none"> <li>✓ Maximum directorship in <b>All</b> companies-20</li> <li>✓ Subject to Maximum <u>public companies</u> 10</li> <li>✓ Company may by SR reduce the number</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |        |                                     |                                            |                   |                                     |                                                           |                                      |
| 166                                                       | <p><b><u>Duties of directors</u></b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">Do's</th><th style="text-align: left;">Don'ts</th></tr> <tr> <td>Act in accordance with the articles</td><td>Direct or indirect interest that conflicts</td></tr> <tr> <td>Act in good faith</td><td>Achieve any undue gain or advantage</td></tr> <tr> <td>Exercise independent judgment , care, skill and diligence</td><td>Assign his office and any assignment</td></tr> </table> <p>If a director of the company contravenes the provisions of this section 166 such director shall be punishable with fine which <b>shall not be less than</b> 1,00,000/- but which <b>may extend to</b> 5,00,000/-</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Do's | Don'ts | Act in accordance with the articles | Direct or indirect interest that conflicts | Act in good faith | Achieve any undue gain or advantage | Exercise independent judgment , care, skill and diligence | Assign his office and any assignment |
| Do's                                                      | Don'ts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |        |                                     |                                            |                   |                                     |                                                           |                                      |
| Act in accordance with the articles                       | Direct or indirect interest that conflicts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |      |        |                                     |                                            |                   |                                     |                                                           |                                      |
| Act in good faith                                         | Achieve any undue gain or advantage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |        |                                     |                                            |                   |                                     |                                                           |                                      |
| Exercise independent judgment , care, skill and diligence | Assign his office and any assignment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |        |                                     |                                            |                   |                                     |                                                           |                                      |
| 167                                                       | <p><b><u>Vacation of office</u></b></p> <p>The office of a director shall become vacant in case—</p> <ul style="list-style-type: none"> <li>✓ He incurs any of the disqualifications specified in <a href="#">section 164</a></li> <li>✓ He absents himself from all the meetings of the Board of Directors held during a period of twelve months <b>with or without</b> seeking leave of absence of the Board</li> <li>✓ He acts in contravention of the provisions of <a href="#">section 184</a> relating to entering into contracts or arrangements in which he is directly or indirectly interested</li> <li>✓ He fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of <a href="#">section 184</a></li> <li>✓ He becomes disqualified by an order of a <b>court</b> or the Tribunal</li> <li>✓ He is convicted by a <b>court</b> of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for <b>not less than 6</b> months</li> </ul> <p>The office shall be vacated by the director even if he has filed an appeal against the order of such <b>court</b></p> <ul style="list-style-type: none"> <li>✓ He is removed in pursuance of the provisions of this Act</li> <li>✓ He, having been appointed a director by virtue of his holding any office or other</li> </ul> |      |        |                                     |                                            |                   |                                     |                                                           |                                      |



## Summary on Directors Section [149 – 172]

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | <p>employment in the <a href="#">holding, subsidiary</a> or <a href="#">associate company</a>, ceases to hold such office or other employment in that company.</p> <p> A private company may, by its articles, provide any other ground for the vacation of the office of a director in addition to those specified <b>ABOVE</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 168 | <p><b><u>Resignation of director</u></b></p> <ul style="list-style-type: none"> <li>✓ A director may resign from his office by giving <b>notice in writing</b> to the Company</li> <li>✓ The Board shall, on receipt of such notice <b>within 30 days</b> intimate the Registrar in <a href="#">Form DIR-12</a> and also place the fact of such resignation in the Directors Report of subsequent general meeting of the company and post the information on its website.</li> <li>✓ The director shall also forward a copy of resignation along with detailed reasons for the resignation to the Registrar in <a href="#">Form DIR-11</a> <b>within 30 days</b> from the date of resignation</li> </ul> <p> The resignation of a director shall take effect from the date on which the notice is received by the company <b>or</b> the date, if any, specified by the director in the notice, <b>whichever is later</b></p> |
| 169 | <p><b><u>Removal of directors</u></b></p> <ul style="list-style-type: none"> <li>✓ A company may, by ordinary resolution, remove a director, <b>not being a director</b> appointed by the Tribunal under <a href="#">section 242</a>, <u>before the expiry of the period of his office after giving him a reasonable opportunity of being heard</u></li> <li>✓ A special notice shall be required of any resolution, to remove a director under this section, or to appoint somebody in place of a director so removed, at the meeting at which he is removed [Read section 115.]</li> </ul> <p> Director appointed under section 163 <b>Cannot</b> be removed</p>                                                                                                                                                                                                                                                         |
| 170 | <p><b><u>Register of directors and key managerial personnel and their shareholding</u></b></p> <ul style="list-style-type: none"> <li>✓ Every company shall keep <b>at its registered office</b> a register containing such particulars of its directors and <a href="#">key managerial personnel</a> as may be prescribed, which <b>shall include</b> the details of <u>securities held by each of them</u> in the company or its <a href="#">holding, subsidiary, subsidiary of company's holding company</a> or <a href="#">associate companies</a>.</li> <li>✓ A return containing such particulars and documents as may be prescribed, of the directors and the <a href="#">key managerial personnel</a> shall be filed with the Registrar within thirty days from the appointment of every director and key managerial personnel, as the case may be, and within thirty days of any change taking place. [<a href="#">Form No. DIR-12</a>]</li> </ul>                                                   |
| 171 | <p><b><u>Members' right to inspect</u></b></p> <p>The register kept under <a href="#">section 170(1)</a></p> <ul style="list-style-type: none"> <li>✓ Shall be open for inspection during business hours and</li> <li>✓ The members shall have a right to take extracts therefrom</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 172 | <p><b><u>Punishment</u></b></p> <p>If a company contravenes <b>any</b> of the provisions of <b>this Chapter</b> and for which <b>no specific</b> punishment is provided therein, the <b>company and every officer</b> of the company <b>who is in default</b> shall be <u>punishable with fine</u></p> <ul style="list-style-type: none"> <li>• Not less than 50,000/-</li> <li>• May extend to 5,00,000/-</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |