Notifications Made on 13th June 2017 has not been Included as these are Not applicable for November 2017

Summary on Directors Section [149 – 172]

Section	Topic	Description
2(10)	Board of Directors	Collective body of the directors of the company
2(34)	Director	Director appointed to the board of a company

149 — Company to have Board of Directors

Every company shall have a Board of Directors consisting of individuals as directors

Section 149(1)

Minimum Directors → Sec149(1)(a)	Maximum Directors → Sec149(1)(b)
▪ Public Company – 3 ▪ Private Company – 2 ▪ One person Company – 1	▪ 15 directors without Special Resolution. ▪ More than 15 director by passing SR Section 149 (1)(b) Not applicable to a Govt Company.

Type of Directors

Resident Director [Section 149(3)]

Shall apply to a Specified IFSC public / Private company in respect of financial years other than the 1st financial year from the date of its incorporation. 4th Jan 2017

Every company shall have at least one director who has stayed in India for a total period of Not less than 182 days in the previous calendar **year** such director is named as Resident director

- Companies incorporated after 30th September 2014 should have a resident director at the incorporation stage itself

Woman Director (Rule 3)

Shall not apply to a Specified **IFSC** public company 4th Jan

- Every listed company
- Unlisted Public Company having
  - Paid up share capital of 100cr or more or
  - Turnover of 300 Cr or more

  (Last day of Latest Audited FS)

Not applicable to Section 8 company

Independent Director [Section 149(4)] (Rule 4)

- Every listed **public** company shall have at least 1/3rd of the total number of directors as independent directors
- The following class or classes of companies shall have at least two directors as independent directors –
  - Public Companies having Paidup Share Capital of 10 Cr or more or
  - Public Companies having turnover of 100 Cr or more or
  - Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding 50 Cr

Any intermittent vacancy of a **woman director** or **Independent Director** shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later

Section	Topic	Description
149(6)	Who is an independent director? (ID – a person who in the opinion of the Board is a person of integrity and possesses relevant expertise and experience.)	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. (In case of Govt. Companies the word "Board" to be substituted by "Ministry OR Dept. of the Central Government which is administratively in charge of the Company, Or by the State Govt.)

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 at least one 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 — Not applicable to sec 8 company

Manner of selection of ID and maintenance of databank of ID

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

IFSC companies will not have to comply with the secretarial standards prescribed by the Institute of Company Secretaries of India

What is an IFSC? International Financial Services Centre example London, New York and Singapore.

Gujarat International Finance Tec-City (also called GIFT City), inaugurated in April 2015 is India's first IFSC.

The government's move is likely to benefit companies setting up shop in GIFT City.

Ravi Kiran Vastela

151	**Appointment of director elected by small shareholders** ▪ A listed company may have one director elected by such small shareholders. **Who is small shareholder?** ▪ Shareholder holding shares of **nominal value of not more than 20,000/-** **As Per Rule 7** A listed company, may upon notice of **not less than** ▪ 1000 small shareholders or ▪ 1/10th of the total number of such shareholders **whichever is lower**, have a small shareholders' director elected by the small shareholders • Tenure of Small shareholders directors is 3 years (maximum). • A Person can be a Small shareholders director in **TWO** companies at a time (maximum 2 companies). • Small shareholders director should be included while calculating total number of directors under section 152(6) however he is not required to retire by rotation. Listed company can appoint a director representing small shareholders on its own(suomotu)
153 Power delegated to Regional Director	**Application for allotment of Director Identification Number** 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 FORM DIR-3. ▪ A Person is disqualified to be appointed as a director of a company if he **not** got the DIN.
154 Power delegated to Regional Director	**Allotment of Director Identification Number.** The Central Government shall, within one month from the receipt of the application under section 153, allot a Director Identification Number to an applicant.
155 [Surrender DIN in Form DIR-5]	**Prohibition to obtain more than one Director Identification Number** No individual, who has already been allotted a Director Identification Number under section154, shall apply for, obtain or possess **another** Director Identification Number.
156 No form is prescribed. Director may intimate company in writing	**Director to intimate Director Identification Number** Every existing director shall, **within one month** 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.
157	**Company to inform Director Identification Number to Registrar** Every company shall, **within fifteen days** of the receipt of intimation under section 156, 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 Form DIR-3C.
158	**Obligation to indicate Director Identification Number.** 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.
159 	**Punishment for contravention** If any individual or director of a company, contravenes any of the provisions of section 152, section 155 and section 156, such individual or director of the company shall be punishable ▪ With imprisonment for a term which **may extend** to **6 months** or ▪ With fine which **may extend to 50,000/-** and Where the contravention is a continuing one, ▪ With a further fine which **may extend to 500/-** for every day after the first during which the contravention continues.

Ravi Kiran Vustela

152 Shall not apply to a Government Company where appointment is done by Central or State Govt	**Appointment of directors** 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 [Regulation (60) of Table F in Schedule I to the Act]. Where no provision is made in the articles 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 section152. ▪ Every director shall be appointed by the company in GM. ▪ A person appointed as a director shall not act as a director unless he gives his consent to hold the office as director Form DIR-2. ▪ No person shall be appointed as a director of a company unless he has been allotted the Director Identification Number under Section 154.
152(6) Not applicable to Pvt company. *AND* a) Shall not apply to a wholly owned Govt. Company, and (b) Subsidiary of above Govt Company	**Rotation of directors** ▪ The articles may provide for the retirement of all directors at every annual general meeting. ▪ If articles **doesn't provide** **not less than 2/3rd** of the total number of directors of a **public company** shall—(any fraction should be rounded off to **next** nearest number) • Be persons whose period of office is liable to determination by retirement of directors by rotation and • **Is eligible** to be RE-appointed by the company in general meeting under ordinary business as per section 102 **Non Rotational Director** ▪ It is the **maximum of 1/3rd** of the Total directors who do not retire by rotation in AGM(Non Rotational Directors) ▪ While calculating the Total number of directors the following directors shall be **excluded** • Independent director • Nominee director • Casual vacancy of Directors **NOT** fulfilled **Manner of Rotation** Out of 2/3rd of Rotational directors **at least 1/3rd** of Directors **must retire in** 1st AGM and every Subsequent AGM or if their number is neither three nor a multiple of three, then, the number **nearest to 1/3rd**, shall retire from office. ▪ The directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, if persons became directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot
152(7)	**Position where place of retiring director is NOT filled up** If the vacancy of the retiring director is not so filled-up and the meeting has **Not expressly resolved not to fill the vacancy**, the meeting shall stand adjourned till the same day in the next week, at the same time and place, **or** if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.

Section 152(6) and 152(7) shall not apply to a Specified IFSC public company

Ravi Kiran Vustela

<table>
<tr><td></td><td>(b) If at the adjourned meeting also, the vacancy of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless—
At that meeting or at the previous meeting a resolution for the reappointment of such director has been put to the meeting and lost
The retiring director has, by a notice in writing addressed to the company or its Board of directors, expressed his unwillingness to be so reappointed
He is not qualified or is disqualified for appointment
A resolution, whether special or ordinary, is required for his appointment or reappointment by virtue of any provisions of this Act or
Section 162 is applicable to the case.</td></tr>
<tr><td>160

•Not applicable to Pvt company
AND
•NOT applicable to section 8 companies whose articles provide for election of directors by ballot
AND
*(a) Shall not apply to a wholly owned Govt. Company, and
(b) Subsidiary of above Govt Company</td><td>Right of person other than retiring directors to stand for directorship
Notice to be appointed as director by any person at least 14 days before GM.
Notice shall be deposited at the registered office of the company.
Deposit-Rs. 1,00,000/-
Type of Resolution – Ordinary Resolution
Refund of Deposits of 1,00,000/-
If he gets 25% of Vote (either in Poll or on show of hands)
Is appointed as Director
For Nidhi companies the deposit should be10,000/- instead of 1,00,000/-
Section 101 and Section 102 Not required to be complied with while following section 160 ~~21 clear days notice~~</td></tr>
<tr><td>161(1)

Regulation 66 of Table F authorizes board to appoint additional director</td><td>Additional director
The board may appoint any person, as an additional director any time, Only If authorized by the AOA.
A person who fails to get appointed as a director in general meeting, cannot be appointed as an Additional director
Tenure :-
Additional director shall hold office up to :-
The date of next AGM or
The last date when the AGM was supposed to be held, whichever is earlier</td></tr>
<tr><td>161(2)
As per FAQ of ICSI. Whether office of alternate director vacates when the original director joins video conference at a Board meeting even though he does not return to India? It is stated by ICSI that the office of Alternate Director is nowhere related to the attendance of the Original Director in the Board Meeting. The office of Alternate Director shall be terminated if and when the director in whose place he has been appointed returns to India. Therefore, joining meeting by video conferencing by the original director will not vacate the office of the alternate director</td><td>Alternate Director
The Board of Directors of a company may
If so authorized by its articles or by a resolution passed in GM
Appoint a person, not being a person holding any alternate directorship for any other director in the company(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
Tenure:-
An alternate director shall not hold office for a period longer than that 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.
No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director.
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</td></tr>
</table>

Ravi Kiran Vustela

	another appointment shall apply to the original, and not to the alternate director.
161(3)	**Nominee director** Subject to the articles of a company. The Board may appoint any person as a director Nominated by any ▪ Institution in pursuance of the provisions of any law for the time being in force or of any agreement or ▪ CG or the State Government by virtue of its shareholding in a Government company.
161(4)	**Casual Vacancy** In the case of a public company, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the articles of the company, be filled by the Board of Directors at a meeting of the Board **Any** person so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated.
162 Not applicable to Pvt company	**Appointment of directors to be voted individually** Appointment of 2 or more person as Directors of the Company by a single resolution is prohibited, **unless** a resolution has first been agreed at meeting **without any vote being cast against it.** (a) Shall not apply to a wholly owned Govt. Company, and (b) a wholly-owned subsidiary of (a) above
163 (a) Shall not apply to a wholly owned Govt. Company, and (b) a wholly-owned subsidiary of (a) above	**Option to adopt principle of proportional representation for appointment of directors** The articles of a company may provide for the appointment of not less than $2/3^{rd}$ of the total number of the directors 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 section 161(4).
164(1)	**Disqualifications for appointment of director** (1) A person shall not be eligible for appointment as a director of a company, if — ▪ He is of unsound mind and stands so declared by a competent court ▪ He is an undischarged insolvent ▪ He has applied to be adjudicated as an insolvent and his application is pending ▪ He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a **period of five years** has not elapsed from the date of expiry of the sentence: ❖ If a person has been convicted of any offence and sentenced in respect thereof to imprisonment **for a period of seven years or more**, he shall **not be eligible** to be appointed as a director in **any company.** ▪ An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force ▪ 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 ▪ He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years or ▪ He has not complied with section 152(3).[NO DIN]

In case of a Specified IFSC PVT / Public company, the Board may appoint any person nominated by any institution or company or body corporate as a director in pursuance of the provisions of any law in force or of any agreement or by the CG/SG by virtue of its shareholding in a Govt company
4th Jan 2017

Shall not apply to a Specified IFSC public company
4th Jan 2017

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<table>
<tr><td>164(2)

Not applicable to Government company.</td><td>Disqualification by reason of default made by a company in which he is a director
(2)No 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 (applies to both public and private companies).
Has not filed financial statements or annual returns for any continuous period of three financial years or
Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more,</td></tr>
<tr><td colspan="2">A private company may by its articles provide for any disqualifications for appointment as a director in addition to those specified in section 164.</td></tr>
<tr><td>165

Not applicable to sec 8 company</td><td>Number of directorships
Maximum directorship in All companies-20 (including any alternate directorship)
Subject to Maximum public companies 10
Members of a company may by Special Resolution reduce the number in which a director of the company may act as directors.</td></tr>
<tr><td>166

Refer regulation (78) of Table F in Schedule I</td><td>Duties of directors<table><tr><th>Do's</th><th>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><tr><td colspan="2">If a director of the company contravenes the provisions of this section 166 such director shall be punishable with fine which shall not be less than 1,00,000/- but which may extend to 5,00,000/-</td></tr></table></td></tr>
<tr><td>167</td><td>Vacation of office
The office of a director shall become vacant in case—
He incurs any of the disqualifications specified in section 164.
He absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board
He acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested.
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 section 184.
He becomes disqualified by an order of a court or the Tribunal.
He is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced to imprisonment for not less than 6 months.
The office shall be vacated by the director even if he has filed an appeal against the order of such court
He is removed in pursuance of the provisions of this Act.
He, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.</td></tr>
<tr><td colspan="2">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 in Section 167</td></tr>
</table>

Ravi Kiran Vustela

Section	Provision
168 In respect of a Specified IFSC public/ private company word "shall" be read as "may" 4th Jan 2017	**Resignation of director** ▪ A director may resign from his office by giving notice in writing to the Company ▪ The Board shall, on receipt of such notice **within 30 days** intimate the Registrar in Form DIR-12 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. ▪ The director shall also forward a copy of resignation along with detailed reasons for the resignation to the Registrar in Form DIR-11 **within 30 days** from the date of resignation ✚ The resignation of a director shall take effect from the date on which the notice is received by the company **or** the date, if any, specified by the director in the notice, whichever is later
169	**Removal of directors** ▪ A company may, by ordinary resolution, remove a director, not being a director appointed by the Tribunal under section 242, before the expiry of the period of his office after giving him a reasonable opportunity of being heard ▪ 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.] ✚ Director appointed under section 163 Cannot be removed
170 Shall not apply to a wholly owned Govt. Company {so far as Share holding of Directors and KMPs is concerned}	**Register of directors and key managerial personnel and their shareholding** ▪ 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. ▪ A return containing such particulars and documents as may be prescribed, of the directors and the key managerial personnel 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.[Form No. DIR-12]
171 Shall not apply to a wholly owned Govt. Company	**Members' right to inspect** The register kept under section 170(1) ▪ Shall be open for inspection during business hours and ▪ The members shall have a right to take extracts therefrom. Subsidiary of wholly owned govt company NOT covered. i.e,(section170 applies to it)
172	**Punishment** If a company contravenes any of the provisions of this Chapter and for which no specific punishment is provided therein, the **company and every officer** of the company who is in default shall be punishable with fine ▪ Not less than 50,000/- ▪ May extend to 5,00,000/-

In respect of a Specified IFSC public / private company, words "30 days" be read as "60 days" at both places
4th Jan 2017

Every special resolution is required to be filed in Form No. MGT-14 within 30 days of passing resolution together with explanatory statement under section 102 with ROC-Section 117 (3) (a)

All the Best ☺

Ravi Kiran Vustela