

COMPANIES ACT, 2013

Directors

- Remella L N Yethi

Director - General

- ▶ No Body Corporate, firm or association can become a director
- ▶ Only Individual can be a director
- ▶ Minimum Limit - 3 for Public Ltd, 2 for Private Ltd & 1 for One Person Company.
- ▶ Maximum Limit - 15 for all companies
- ▶ Articles may provide for a lower Maximum Limit
- ▶ For appointing more than 15 directors - Special Resolution is required.
- ▶ Transition period for above companies - 1 Year

Number of Directorships 165(1)

- ▶ Maximum 20 Companies
- ▶ Out of which not more than 10 Public Companies
- ▶ Private Company which is a holding or subsidiary of a public company will be a public company for this section
- ▶ Members of a company may, by special resolution, specify the number less than 20 or 10 companies in which a director can act as director in other companies
- ▶ PENALTY: 5,000 to 25,000 for every day of contravention

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- ▶ Transitory Provision: 1 year time intimate to Companies & ROC

Consent of Director 152(2)

- ▶ Applicable to ALL COMPANIES
- ▶ Form DIR 2 - Consent by the director with the Company - ON OR BEFORE SUCH APPOINTMENT
- ▶ Form DIR 12 - Consent to be filed by Company with ROC - WITHIN 30 DAYS

TYPES OF DIRECTORS

- ▶ 9 Categories - Based on their Method of Appointment
 - ▶ FIRST DIRECTORS - 152(1)
 - ▶ Reappointment of Retiring Director - 152(6) & (7)
 - ▶ Appointment of a person other than Retiring Directors - 160
 - ▶ Additional Directors - 161(1)
 - ▶ Alternate Directors - 161(2)
 - ▶ Nominee Directors - 161(3)
 - ▶ Casual Vacancy Directors - 161(4)
 - ▶ Small Shareholders Director - 151
 - ▶ Independent Directors - 149(5) to (12)

FIRST DIRECTORS – 152(1)

- ▶ No Changes

- ▶ Other IMP Points:
 - ▶ No need to vacate the office at the **first AGM**

 - ▶ **First Directors** will go in the Cycle of Retirement after the First EGM as the case may be.

ROTATIONAL DIRECTORS – 152(6)

- ▶ Directors who retire at AGM & are eligible for re-appointment are Rotational Director.

- ▶ It is not a method of Appointment.

- ▶ A Person can enter a company in Two ways:
 - ▶ First Directors
 - ▶ Through Sec 160 route.

Calculation of Rotational & Non Rotational Directors

- ▶ Minimum $2/3^{\text{rd}}$ of Total Directors shall Rotate & remaining are Non Rotational, they don't retire by Rotation. Articles may increase the limit of Rotational Directors
- ▶ Any fraction should be rounded off to Next Full Number.

Calculation of Rotational & Non Rotational Directors

- ▶ Minimum $2/3^{\text{rd}}$ of Total Directors shall Rotate & remaining are Non Rotational, they don't retire by Rotation.
- ▶ Articles may increase the limit of Rotational Directors
- ▶ Non Rotational Directors must be specified either in Articles or in their Appointment Resolution.
- ▶ Any fraction should be rounded off to Next Full Number.

No of Rotational Directors to be retired at each AGM

- ▶ At Every AGM, 1/3rd of the Rotational Directors, shall actually retire.
- ▶ However Articles may provide that, even all the directors shall retire at every AGM.
- ▶ **At Every AGM**, the vacancy may be Filled up:
 - ▶ By re-appointing retiring Director
 - ▶ By appointing Some other person in his place (Section 160)
 - ▶ The meeting may resolve not to fill up the vacancy

Director other than Retiring Director - 160

- ▶ Now Applicable to Private Companies

- ▶ Procedure:
 - ▶ Members take initiative.
 - ▶ Special Notice
 - ▶ 14 days notice
 - ▶ 1,00,000 deposit
 - ▶ 7 days company to notify the members
 - ▶ Amendment - Company may send email to all its members
 - ▶ Ordinary Resolution to be passed
 - ▶ Outsider can also give notice
 - ▶ Forget 1 Lakh, if director not appointed or votes casted in favour more than 25%

Additional Director

- ▶ No Change except one addition

- ▶ Addition: No director can be appointed as Additional Director, who has failed to get appointed in GM.

- ▶ Imp Points:
 - ▶ Either by BM or RC
 - ▶ Tenure up to the Commencement of Next AGM
 - ▶ Bona fide Interest of the Company.

No Change

- ▶ Casual Vacancy Director
- ▶ Alternate Director
- ▶ Small Shareholders
Director

Other Directors

- ▶ Resident Director
 - ▶ Every Company should have one director who stayed in India for not less than 182 days

- ▶ Women Director
 - ▶ Listed or a Public company having Paid up Capital > 100 Crores or Turnover > 300 Crores
 - ▶ Should have atleast one women director

- ▶ Nominee Director
 - ▶ As per the Loan Agreement or any legislation
 - ▶ Active participation

Other Directors

- ▶ Independent Director
 - ▶ Every Listed Public Company shall have at least 1/3rd of Independent Director
 - ▶ Not a Promoter
 - ▶ Not a relative
 - ▶ No relationship with the Company whatsoever
 - ▶ No Shareholding interest directly nor indirectly
 - ▶ Term - 5 years
 - ▶ Can not be appointed for more than 2 terms if the gap is less than 3 years
 - ▶ Not liable unless defaults had occurred with his knowledge.