

Never count the number of pages when the chapter is as important as director!



Board or "Board of Directors" [Sec 2(10)] means the **collective body** of the directors of the company.



Why do we need Board of Directors (BOD)?

1. Company is an **artificial** person having separate legal existence but no body or mind of its own.
2. **Huge** numbers of shareholders (especially in case of listed companies)
3. Requirement of **Sec 149**



Directors are both agent as well as trustee of the company.

1. Agent - They bind co. as their principal as soon as they enter into various transactions on its behalf
2. Trustee - They are required to **take care** of properties, moneys, trade secrets, etc. of company



Sec 149- Company to have BOD

1. Company to have BOD:
 - Consists of **individuals**
 - **Minimum** - Public (3), Private (2) and OPC (1)
 - **Max** - 15 directors (To appoint > 15 directors - Pass **SR**)
[N.A. to Govt co and Sec 8 companies provided compliance with Sec 92 (AR) and 137(F.S.)]

AOA may provide for a **lower** limit of maximum directors.

Companies as may be prescribed shall have at least one **woman director**.



Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014

1. Provision of Woman Directors applies to following companies:
 - **Listed** company, or
 - Any other public company
 - **PUSC** > = Rs. **100** crores **OR**
 - **Turnover** (T/O) > = Rs. **300** crores

PUSC and T/O as per last date of latest audited F.S.
2. Intermittent vacancy - 3m or immediately next BOD meeting - Whichever is **Later**
3. Newly incorporated co. - Comply within **6 months**

Example - Women Director - Death on 17th March 2022. Next BOD meeting - 25th June 2022. Company is required to fill vacancy by 25th June or 16th June 2022 WI Later i.e., 25th June.



Concept clarity check:

Is it mandatory for a woman director to be independent? - No. there is no such provision

2. Transition provision
3. Resident Director - **At least 1** (stay in India for > = **182** days during FY)
Take proportionate to 182 days in case of newly incorporated co.

4. Independent Director (ID) (N.A. to Private companies)

Listed Public Company - At least 1/3rd of total no. of directors to be independent [Fractions = 1]

Unlisted Public Company - As may be prescribed - At least 2 ID



Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 -

Following unlisted public co. to have at least 2 ID:

PUSC \geq Rs. 10
crores

Turnover \geq Rs.
100 crores

Outstanding Loan, Debentures and Deposits (in
aggregate) $>$ Rs. 50 crores (If = Rs. 50 crores, then N.A.)

PUSC, Turnover and O/S LDD as per last date of latest audited Financial Statements.

Above provision shall **not apply** to - (a) Joint Ventures (b) WoS and (c) Dormant co. u/s 455



Section 149 vs 177:

If higher no. of ID required due to composition of Audit Committee (**Sec 177**), such higher no. of ID applicable under this section.

[Ex. In an unlisted public co. having PUSC of Rs. 100 crores, if A.C. has 7 directors, 4 of them have to be ID (sec 177). So, as per Sec 149, the minimum no. of ID shall be 4 (and not 2)]

Intermittent vacancy - 3m or **immediately next BOD** meeting - WI Later

Not required to appoint ID if ceases to fulfil conditions (PUSC, T/O, O/S) for 3 consecutive years



Definition of Listed Company: [Sec 2(52)]

Listed company means a co. which has **any of its securities** listed in Recognized Stock Exchange (RSE).

The following classes of companies shall **NOT** be considered as listed companies, namely:

- i. **Public** companies (equity not listed) having listed their following securities issues on **Private placement** basis as per SEBI regulations:
 - Non-convertible **debt** securities, or
 - Non-convertible redeemable **preference** shares
 - Both categories of (i) and (ii) above.
- ii. **Private** companies which have listed their non-convertible **debt** securities on **private placement** basis on a RSE as per SEBI Regulations;

5. Transition provision

6. Who can become an ID? (IMP DOGS FVNK)

Director other than a MD, WTD or a nominee director fulfilling all the following criteria:

- a. **I**ntegrity and has relevant expertise and experience in opinion of Board (or Ministry of CG/SG administratively in charge of the company)
- b.
 - i. Not is/was **P**romotor of CASH (Director of CASH not restricted)
 - ii. Not related to promotor or director of CASH

- c. Has no pecuniary (**Monetary**) relationship with CASH or their P/D during last 2 FY + CY
(N.A. to Govt. co provided 92 and 137)
Following will not be considered pecuniary relationship:
1. **Remuneration** as such director,
 2. Transaction $\leq 10\%$ of his total income or
 3. Transaction in **Arm's Length price** in the Ordinary Course of Business (OCOB)
- d. None of whose relatives:
- Holds any **Security** or interest in CASH during last 2 FY + CY
(Note: May hold in co. of face value not exceeding 50 lakhs or PUSC upto 2% of CASH)
 - **Indebted** to CASH or P/D **in excess of** such amt as may be pres. (Rs. 50 lakhs) - 2 FY + CY
 - Given **Guarantee** or provided security for indebtedness of any third person to CASH or P/D of such holding company for **Rs. 50 lakhs** - 2 FY + CY
 - Any other pecuniary relationship with CASH $\geq 2\%$ of its Gross turnover or Total income [in aggregate] (P/D not covered)
- e. Neither himself nor relative:
- Is/was **KMP** or employee of CASH - Last 3 FY
(Exception: Relative can be an employee in past 3 yrs)
 - Employee/Proprietor/Partner in CY + Last 3 FY
 - **Firm** of auditors or CS in practice or Cost auditors of CASH
 - **Legal/Consulting Firm** having transaction with CASH of $\geq 10\%$ of Gross turnover
 - Holds (with relative) $\geq 2\%$ of **Voting power** of Company (**Not CASH**)
 - Is the CEO/Director of **NPO** that
 - Receives $\geq 25\%$ of its receipt from CASH or P/D or
 - Holds Voting Power $\geq 2\%$ of company
- f. Possesses such other qualification as may be **prescribed**
(**Rule 5** - ID shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management etc.)



Concept Clarity Check:

Can Mr. A be appointed as ID in a company be appointed as ID in subsidiary company?
Yes, no such restriction u/s 149(6)

7. ID to **declare** that he meets criteria of independence:

First BOD Meeting in which
he participates as director

First BOD Meeting
of **every FY**

when there is any **change** in circumstance
which may affect his status as ID

8. ID to abide by provisions of **Schedule IV**

9. ID shall **not** be entitled to **Stock Option**. ID may receive **remuneration** by way of:

Fees u/s 197 (5)

Reimbursement of expenses
for participation in meetingsProfit related commissions - as may
be approved by Members

In case of **no profits** or **inadequate profits**, ID may receive **remuneration**, excluding fees u/s 197(5), in accordance with the provisions of **Schedule V**

10. Term of ID - **Upto** 5 consecutive years (a term of <5 years is possible)
Reappointment - Eligible on passing **SR** + Disclosure of same in BOD Report
11. No ID to hold office for **more than 2 consecutive terms**
Cooling period - **3 years** (shall not be associated with co in any capacity, directly or indirectly)
12. ID and NED (not being KMP/promoter of co.) shall be held liable only in respect of those acts of omission or commission by a co. which had:
- occurred with his
knowledge

attributable to
board process

occurred with his **consent** or where he
has not acted **diligently**
13. Sec 152 (6) and (7) N.A. to ID



Sec 150- Manner of Selection of ID and Maintenance of Databank of ID

- ID may be selected from a **databank** containing details (name, address, educational and professional qualification) of person **ELIGIBLE** and **WILLING** to act as ID.
- CG may notify body, institution or association having expertise in creation and maintenance of such databank (CG has notified - Indian Institute of Corporate Affairs - **IICA** at Manesar)
- Responsibility to exercise **due diligence** - Lies with such company
- Appointment of ID - To be **approved in GM** (ES annexed to notice of GM to include justification)



Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014

- Make **online appln (within 13m of commencement)** to IICA for inclusion of name in databank if:
 - **Existing ID** (needs to renew till he continues to be ID in any company)
 - **Aspiring ID** - He intends to get appointed as an ID
- Individual **not having DIN** can also **apply**
- Specify in application the period - 1 year, 5 years or Lifetime
- **Renewal** application within 30 days of expiry **else name removed** (N.A if lifetime fees paid)
- Declaration by ID of compliance of this Rule - Along with declaration u/s **149 (7)**

Online Proficiency Self-Assessment Test (OPSAT) -

- Within **2 years** of inclusion of name. Else his name shall stand removed.
- **No limit** on number of attempts. Score **50%** to pass the test
- **Test N.A** for person who has served for **> = 3 years (If more than 1 co., count once)** as:
 - a) who is **director** or **KMP** in:

Listed Public
CompanyUnlisted Public co.
PUSC >= Rs. 10 cr.B.C. listed
in RSEB.C. incorp. o/s India -
PUSC >= \$2MillionStat. corp
(Ex. LIC)

- b) Pay scale of **Director** or equivalent or above in any **Ministry** or Department of **CG/SG** having **experience** in handling:
- matters relating to commerce, corp. affairs, finance, industry or public enterprises; or
 - affairs related to Govt. companies or statutory corporations set up under an Act of Parliament or any State Act and carrying on commercial activities. [**Amendment**]
- c) Pay scale of **Chief General Manager** or above in **SEBI, RBI, IRDA, PFRDA** and having experience in handling matters related to corporate/securities/economic laws

Provided also that the following individuals, who are or have been, for **at least 10 years**:

an **advocate** of court

CA in Practice

Cost Accountant in Practice

CS in Practice

shall not be required to pass the OPSAT [**Amendment**]

Restoration of Name [**Amendment**]:

Indv. whose name has been removed for not being able to clear OPSAT **within 2 years** may apply for **restoration** of his name on payment Rs. 1,000 & IICA shall allow such restoration subject to:

- his name shall be shown in a **separate restored category** for **1 year** from such restoration within which, he shall be required to pass OPSAT & thereafter his name shall be included, only, if he passes OPSAT and in such case, the **fees** paid by him at the time of initial registration shall **continue to be valid** for the period for which the same was initially paid; and
- in case he **fails** to pass OPSAT within 1 year from date of restoration, his name shall be **removed** from data bank, and he shall be required to **apply afresh** for inclusion of his name



Sec 151- Appointment of Director Elected by Small Shareholders (SSH)

[Read with **Rule 7** of the Companies (Appointment and Qualification of Directors), Rules, 2014]

Applicability	Listed Company MAY have 1 director elected by SSH (Nominal Value \leq Rs. 20,000)
Process	Suo motu or Notice of Intention by SSH (not $<$ lower of 1,000 SSH or 1/10th SSH)
Time limit	Notice of intention to be given at least 14 days before meeting
Content of notice	- Name, address., no. of shares held (if any) & folio no. (if any) of proposed SSD & - Name, address, no. of shares held and folio no. all the SHs proposing such appt.
Statement	By proposed SSD stating - DIN , not disqualified u/s 164 , his consent to act as dir.
SSD = ID?	SSD considered as ID if eligible u/s 149 (6) and gives declaration u/s 149 (7)
Rotation?	Not liable to retire by rotation
Tenure	3 consecutive years. Not eligible for reappointment.
Cooling off	3 years
Vacate if:	Disqualified u/s 164, Vacation as per 167 or ceases to meet sec 149 (6)
Restriction	Not hold the position of SSD in $>$ 2 companies at the same time. 2nd co. not in competing or conflicting business.



Sec 152- Appointment of Directors

1. First director -
 - Appointed as per provisions of AOA. Otherwise, subscribers to MOA (individuals) - Deemed
 - Tenure - Till directors duly appointed as per provision of this Act
 - OPC - Individual member deemed
2. **Every director** shall be appointed **by the company** in the **GM** (unless otherwise specified)
3. No person to be appointed as director unless allotted DIN. (**Minor cannot obtain DIN**)
4. Every Dir. (incl Sec 161) to furnish **DIN** and **Declaration** that he is not disqualified before appt.
5. Furnish **consent** to act as a director - On or before his appt. - **DIR-2** (Director to co.)
Company to file such consent with ROC within 30 days of such appt. in Form **DIR-12** + Fees.

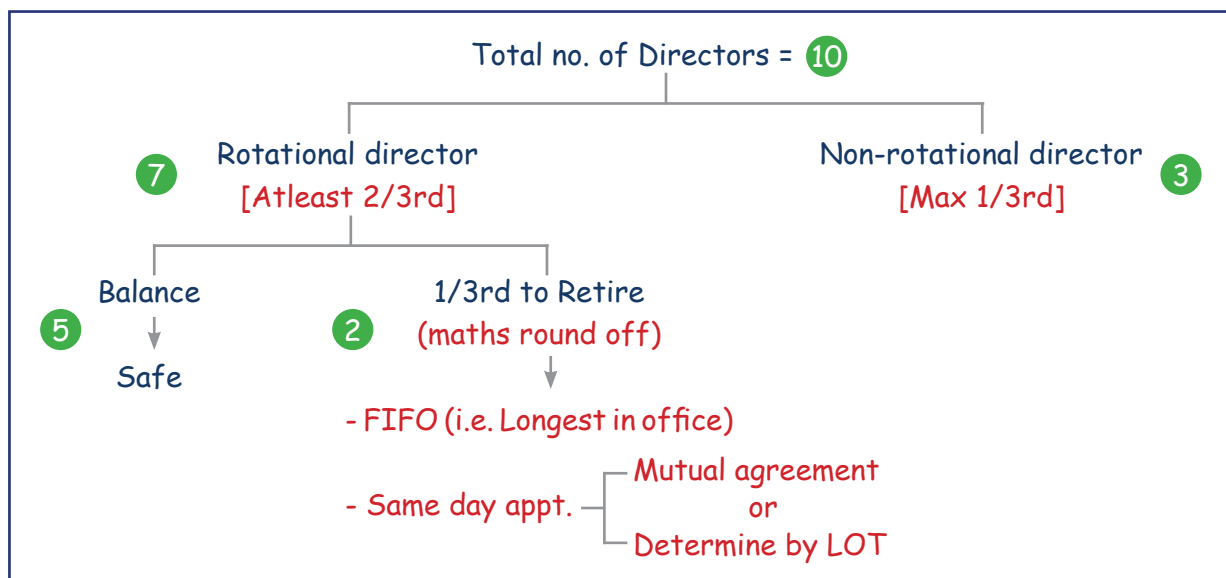
In case of a person who is a national of a country that shares land border with India, necessary security clearance from MHA to be attached along with such consent. [**Amendment**]

Proviso (N.A to Section 8 Company) - For appointment of ID, Explanatory Statement to include a statement of BOD that he fulfils condition specified in the act

6. Retirement by Rotation (RBR):

In case of **public co.**, unless AOA specifically provides for RBR of all directors, at every **AGM**:

- **At least 2/3rd** of **total number of directors** - Period of office liable to determination by RBR and appointment by company in **GM**
- 1/3rd of the above 2/3rd shall retire by rotation
[If fraction is not multiple of 3, no. nearest to 1/3rd (i.e., maths round off)]
- Who retires? - Those who have been **longest in the office since their last appointment**.
- If became directors on **same day** - Longest in office to be determined **by lot**
- Company **may** fill up the vacancy in office as per sub-section (7)



**Notes:**

- a) Following directors shall **NOT** be included in total number of directors:
 - Independent director and
 - Nominee director appointed by a financial inst. set up under Act of parliament (E.g. SBI)
 - Nominee directors appointed pursuant to LIC Act (this is as per LIC Act)
 - Alternate director
- b) Following directors **shall be included** in total number of directors:
 - Nominee dir. appt. by an institution (**not being financial inst.** set up under Act of Parliament)
 - Director appointed by BOD u/s 161 (However, these will be non-rotational directors)
- c) Only those directors who are appointed in GM can retire in GM
- d) **Directors** appointed by board u/s 161(4) shall be considered **non-rotational** as they are appointed by BOD (irrespective of whether subsequently approved in GM). But, include in total no. of dirs.
- e) **MD** and **KMP** may be R/NR depending on terms. But will be counted in total number of directors

7. Adjournment of meeting:

On retirement of a director as per Sec 152 (6), the company has to either:

Reappoint the retiring director

or

Appoint a new director

or

Expressly resolve to not fill the vacancy

If vacancy is **not filled** in the AGM and the meeting has not resolved to not fill - Meeting **adjourned** (Next week, same time and place) (If **national holiday** - **Next succeeding day** which is not a holiday)

If in adjourned meeting also - Vacancy not filled + not resolved - Retiring directors **deemed reappointed** (automatic reappointment)

Exception - No deemed / automatic reappointment if [LWR 164 162]:

Resolution put and **Lost**

Expressed his **unwillingness** in writing

Disqualified u/s **164**

OR / **SR** required as per this Act

Sec **162** is applicable to the case (1 dir = 1 resolu)

If AGM is **not held** up to last due date - "Dir. liable to retire" shall vacate office on last due date

**Concept clarity check:**

1. What if AGM is extended u/s 96? - If any default is made in holding the AGM of a co. u/s 96, the Tribunal may, on the appln. of any member of the co., call, or direct the calling of an AGM of the co. Such GM shall be deemed to be an AGM of the co.
2. Sec 152 (6) and (7) N.A. to: Unlisted Govt co. (>=51% held by CG/SG) and Subsy. thereof.

**Sec 153- Application for DIN**

- Indv. intending to be appt. as dir. - Make appln. for DIN /other ID number as may be prescribed
- Application to the CG (Manner and fees - as may be prescribed) - Electronically - **DIR-3**
- LLP Act requires DPIN (DIN can be used as DPIN and **vice-versa**)



Rule 9 of Companies (Appointment and Qualification of Directors) Rules, 2014:

- DIR-3 to be filed by person willing to be appointed as director (Photograph, Identity proof, residence proof, mandatory DSC and certified by full time CS, MD, Directors, CEO or CFO)
- INC-32 (SPICe) to be filed by company being incorporated to get DIN for proposed first director (max 3 directors at once)



Sec 154- Allotment of DIN

- CG shall allot DIN **within 1 month** of receipt of application

Submit DIR-3 online and make requisite payment

Application number is generated

CG shall decide on the approval or rejection of application

Communicate decision + DIN (in case of approval) by way of letter (post/e-mode) **within 1 month** of receipt of application

Note - No **Application number** shall be generated in case of a person who is a national of a country that shares land border with India, unless necessary security clearance from Ministry of Home Affairs has been attached along with DIR-3. [**Amendment**]

- If CG finds any defect/incompleteness in application - Intimate applicant - **Website** and by **email**.
- Applicant to rectify and resubmit within **15 days** of such placing on the website/email.
- On receipt of above rectification order:

Case where defects are:	CG's order
Rectified to the satisfaction of CG	CG to Allot DIN and communicate to applicant
Not removed within given time	Treat & label such appln. as invalid in e- record
Rectified partially , or info given is still defective	Reject the application and ask applicant to file fresh appln. with correct and complete info



Concept clarity check:

"**Put Under Resubmission**" means that an application is NOT rejected. Applicant is just required to file additional documents for the application to be processed



Sec 155 to 159

Section	Provision
155	Prohibition to obtain more than 1 DIN
156	Every existing director to intimate (Form DIR-3B) DIN to company(s) wherein he is a director within 1 month of receipt
157	<ul style="list-style-type: none"> • Company to intimate (Form DIR-3C) DIN of its directors to ROC within 15 days of receipt of intimation u/s 156 • If defaulted, then company and each OID - Fine Rs. 25,000 + Rs. 100 per day up to max Rs. 1 lakh
158	Obligation to indicate DIN in all returns, info or particulars by director or company
159	In case of contravention of Sec 152, 155 & 156- Fine up to Rs. 50,000 + Up to Rs. 500/day

Other points:

- DIN may be **cancelled** or deactivated by CG (Regional director) if:

DIN is duplicated

Obtained in a wrongful or fraudulent manner

death

unsound mind

adjudicated insolvent

application to **surrender (DIR-5)** made by DIN holder along with declaration that said DIN has never been used for filing any document.

- Intimation of changes in particulars of DIR-3 (Rule 12):
 - Intimate such change to CG **within 30 days** in Form **DIR-6**
 - CG to verify such changes and incorporate such changes.
 - Once changes are incorporated, CG to intimate - Applicant + **Concerned ROC**
 - Director also to intimate above changes in DIN to co. **within 15 days** of such change.

**Sec 160- Right of person other than retiring director to stand for directorship**

A person shall be eligible for appointment as director if:

- **He himself or any member** intending to propose him as director
- sends a notice in writing at least **14 days** before meeting at the **registered office** of company
- along with **deposit of Rs. 1 lakh** or such other sum prescribed

Deposit:

- **Refunded** if proposed candidate gets **elected** or **> 25%** votes of total valid votes casted
- **Deposit not required** in case of:

Appointment of an ID

Director recommended by NRC

Director recommended by BOD, in case co. is not required to constitute NRC.

Company to inform candidature to members:

- At least **7 days** before GM
- Inform by way of - Serving individual notices (email or in writing) **AND** place notice on website
- It shall not be necessary to serve individual notices where it **advertises** such candidature at least 7 days before meeting in newspaper. Language - Vernacular + English

Modifications:

- **Nidhi** companies - Deposit of Rs. 10,000 instead of Rs. 1 lakh
- In case of **Section 8** companies, BOD has to decide whether deposit made by person failing to secure 25% votes is to be forfeited or refunded (discretion of BOD)
[i.e., BOD of Sec 8 companies can refund the money even if proposed candidate got $\leq 25\%$ votes]

Exemptions:

The provision of this section shall not apply to (subject to 92+137):

Private company

Section 8 companies whose AOA provides for election by ballot

100% **Government** company and subsidiary thereof.



Sec 161- Appointment of Additional Director, Alternate Director and Nominee Director

1. Additional Director:

- **Articles** may confer the power to **BOD** for appointment of additional directors **at its discretion**
- This director can be any person other than who **fails to get appointed** as director in **GM**
- **Tenure** - Next AGM or Last due date of AGM whichever is earlier
- Appointed by passing a resolution in **BM** or **Resolution by Circulation**.



Concept Clarity Check:

1. Can the members pass OR/SR authorizing BOD to appoint additional director?
No. The power can only be conferred by AOA.
2. What will be tenure of additional director if AGM is extended by ROC beyond due date u/s 96 of Companies Act? - **Additional director to vacate his office on extended last due date on which AGM should have been held.**
3. Can an Additional director be MD/WTD? - **Yes.**
4. After the end of Additional director's tenure, if co. intends to appoint him as a normal director, is compliance of Sec 160 needed? - **Yes.**
5. Can same person be appointed as Additional director again and again? - **Yes (no such restriction)**
6. Additional directors are directors appointed by Board and hence **non-rotational**. However, they shall be **included** while calculating **total no. of directors**.
7. A co. has 7 dirs. Can a co. appoint 4 more additional director in BOD meeting? - **No, max limit of non-rotational director is 1/3rd.**

2. Alternate Director:

- Appointed by BOD only if authorized by - **Articles or Resolution passed in GM**
- To act in place of Original Director (OD) - **absence** of OD from India for **> = 3 months**.
- A person cannot be appointed as Alt. Dir if:
 - He is **holding** any Alt. Dir for any **other director** in the company or
 - Holding directorship in the same co.
- Alternate for ID has to be **independent** as per 149(6)
- **Tenure:** Original term of OD or OD returns to India - whichever is earlier
- Automatic reappointment - Only OD. Not Alt. Dir

Note: Alt. Dir is **not a proxy to OD**. He is a dir. in his own capacity and considered as normal dir.



Concept Clarity Check:

1. Can the Alt. Dir be appointed by OD? - **No**
2. Can BOD appoint Alt. Dir on behalf of regular director going out for **less than 3 months**? - **No.**
3. Can Alt. Dir be appointed for MD/WTD also? - **YES**
4. Alt. Dir shall **NOT** be included in total number of director Only OD shall be included

3. Nominee Director:

- Subject to the **AOA**, the **BOD** may appoint
- any person as a director nominated by any institution
- in pursuance of - (1) law or (2) agreement or (3) **CG/SG** by virtue of shareholding in a Govt. co.

4. Casual Vacancy:

- If office of a director appointed by the company in GM is vacated before expiry of term in normal course, it results in casual vacancy
- Such Casual Vacancy shall be filed by the BOD at the board meeting (no RBC)
- Needs to be subsequently approved by members in immediately next GM
- **Tenure** - Date up to which dir. in whose place he is appt. would have held office if not vacated.

**Concept Clarity Check:**

1. Can vacancy in office of director appointed u/s 161 (4) be again filled u/s Sec 161(4)? **No** [Casual Vacancy in office of dir. appointed by co. in GM can only be filled u/s 161(4)]
2. If a dir. declined to assume office after appointment u/s 160, will it be casual vacancy? - **No**
3. Is dir. appointed under this Section a rotational dir. u/s 152(6)? - **No** (not appointed in GM)

SUMMARY TABLE FOR SECTION 161

Criteria	(1) Additional	(2) Alternate	(3) Nominee	(4) Casual Vacancy
Appointed by	Board	Board	Board	Board
Ratification by SH?	Not required	Not required	Not required	Yes. In immediately next GM
Power conferred by	AOA/ OR	AOA/OR at GM	AOA	Law
Tenure	Next AGM/last date for AGM	Earlier of - Tenure of OD or OD returns to India	As per law/agreement	Tenure of dir whose office vacated.
Resolution passed at	BOD meeting/RBC	BOD meeting/RBC	BOD meeting/RBC	Only Board meeting
Who cannot be appt?	Person who failed to be appt. as director in GM	a. Acting as Alt. dir. for any other dir. in the co. b. Person holding directorship in same co.	No such provision	No such provision
Additional points	-	AD of ID to comply with sec 149(6) AD cannot be automatically reappointed	--	--
Included in Total no. of dir. [152(6)]	✓	×	× Fin. Inst & LIC ✓ Others	✓
Non-Rotational?	✓	-	-	✓

**Sec 162- Appointment of Directors to be Voted Individually**

1. At a **General Meeting**, a motion for appt. of > = 2 persons as directors by a **single resolution** shall not be moved unless a proposal to move such a motion has first been **agreed** to at the meeting **without any vote being cast against it**.
2. Resolution moved in contravention of above shall be **void**, whether/not any objection was taken when it was moved

**Concept Clarity Check:**

In a BOD meeting, can 2 or more additional director be appointed by a single resolution of BOD?
Yes, this provision is applicable only to appointments made in GM and not BOD meeting.

**Sec 163- Option to Adopt Principle of Proportional Representation for Appt. of Dirs. >>>**

- Notwithstanding anything contained in this Act,
- AOA may provide for **Appointment** of not less than **2/3rd of total directors** of company
- by way of Proportional Representation (whether by a **single transferable vote** or by a system of **cumulative voting** or otherwise)
- Such appointments may be made once in **3 years**
- In case of proportional representation, **casual vacancy** to be filled as per Sec 161(4)

**Sec 164- Disqualifications for Appointment of Director >>>**

1. A person shall not be eligible for appointment as a director of a company, if:
 - a. declared to be of unsound **mind** by competent court
 - b. undischarged **insolvent**
 - c. application to be adjudicated as **insolvent** is pending
 - d. convicted by court of an **offence** (involving moral turpitude or otherwise) + Sentenced to imprisonment for ≥ 6 months and 5 years has not lapsed from expiry of the sentence
If imprisonment for ≥ 7 years, then not eligible for appointment. (forever disqualified)
 - e. **order of disqualification** passed by court/tribunal + order is in force
 - f. not paid any **calls** in respect of any shares of the co. held by him (whether alone/jointly) + 6 months have lapsed from last day fixed for payment
 - g. convicted of offences dealing with RPT u/s **188** at any time during last preceding 5 years
 - h. Not complied with Sec **152(3)** [DIN]
 - i. Not complied with Sec **165(1)** [Maximum number of directorship]

Provided that disqualification under clause (d), (e) and (g) shall continue even if appeal is filed.

2. A person who is/has been dir. of a company shall NOT be eligible to be **re-appointed** as dir. of **that co.** or **appointed** in any **other co.** for a period of **5 years**, if the co. in which he is a dir., has:
 - a. Not filed financial statement or Annual Returns for **continuous period of 3 Financial Years**.
 - b. Failed to repay deposits + Interest (or) redeem debentures on due date + intt. (or) pay declared dividend AND such **failure continues for 1 year** or more

Provided that where a person is appointed as a dir. of a co. which is in default under this subsection, he shall not incur the disqualification for a period of **6m** from the date of his appointment.

3. AOA of **Private** company may provide additional grounds for disqualification. (Public co. cannot)

**Additional points:**

- What if default is made good by the company later on? - **Doesn't matter. 5 years cooling period.**
- If new directors are appointed to the company which have already made the default, does the new dir. also get disqualified? **No**, as per proviso, the newly appt. dir. shall not be disqualified for **6 m**

- Default in **repayment of loan** from any PFI will not attract disqualification as Sec 164(2) only covered debentures, deposits and dividend.
- Directors to inform company whether or not disqualified u/s 164(2) - Form **DIR-8**
- Whenever co. defaults u/s 164 (2), it shall within 30 days of the date of default intimate **registrar** in **DIR-9** details of directors during relevant FY.



Sec 165- Number of Directorship >>> [N.A. to Section 8 Company]

1. No person shall hold office of director (incl. alternate) in more than **20 companies** at the same time.

Provided that, max no. of **public co.** in which a person can be director shall not **exceed 10**.

For reckoning limit of **10 public cos.** - **Pvt. co. that are holding/subsy of public co. shall be included.**

For reckoning limit of **20 companies**, **directorship in dormant company shall NOT be included.**

2. The members of company may by a **SR**, specify a lesser number of companies in which a director of the company may act as a director [they cannot specify higher number]
3. If a person accepts appt. as a dir. in violation of this sec, penalty - **Rs. 2,000/day up to Rs. 2 lakhs**



Sec 166- Duties of Directors >>>

1. Act in accordance with **AOA**
2. Act in good **faith** to promote objects of the company for the benefit of all the stakeholders
3. Exercise duties with due and reasonable **care**
4. Not involve in situations which may possibly **conflict** with the interest of the company
5. Not attempt to achieve **undue gain** or advantage - If found guilty, liable to pay such amt. to co.
6. Not **assign** his office - If assigned, **void**.

Contravention of duties - Fine Rs. 1 lakh to Rs. 5 lakhs.



Sec 167- Vacation of office of Directors >>>

1. The office of director shall be vacated in following cases:
 - a) incurs disqualification u/s **164**
Provided that, if disqualification u/s 164(2), vacate office in all cos other than defaulting co.
 - b) absents from BOD **meetings** held during 12 months with or without leave of absence
 - c) acts in contravention of **Sec 184** relating to entering into contracts/arrangement in which he is directly interested
 - d) fails to disclose interest in contravention of **sec 184**
 - e) **disqualified** by an order of court or tribunal
 - f) **convicted** by court of an offence (involving moral turpitude or otherwise) + Sentenced to imprisonment for **>=6 months**
 - g) **removed** under any provision of this Act
 - h) he, having been appointed a director by **virtue of** his holding any office or other **employment** in the ASH company, ceases to hold such office or other employment in that company.

Provided that, office shall not be vacated in case of orders referred in (e) and (f) above:

- for 30 days from the date of order
- if appeal/petition is preferred against the order within the aforesaid 30 days, until expiry of 7 days from date on which appeal/petition is disposed of.
- if further appeal/petition preferred within 7 days - Until such further appeal is disposed of.

2. In case if dir. continues to function even when office is vacated, fine - Rs. 1 lakh to Rs. 5 lakhs.
3. Where all the directors vacate their office, the promotor/CG shall appoint required number of directors who shall hold office till directors appointed by company in GM
4. AOA of private company may provide for additional grounds of vacation. (Public co. cannot)

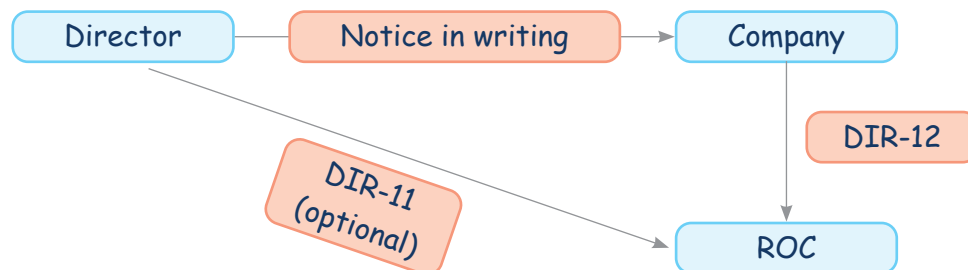


Additional points:

- No opportunity of being heard (OOBH) in case of vacation u/s 167
- Automatic vacation happens u/s 167 i.e., no board resolution required
- Board cannot waive any grounds of vacation



Sec 168- Resignation of Director



- A director may resign - by giving notice in writing to company
 - Director may also forward copy of resignation along with detailed reason therefor to the ROC within 30 days from the date of resignation in Form DIR-11.
In case of a foreign dir., if co. has already filed DIR-12, the foreign director may authorize (in writing) CA/CS or cost accountant or any other resident dir. to sign Form DIR-11 on his behalf.
 - On receipt of such resignation notice:
 - Board to take note of the same.
 - Company to intimate ROC in Form DIR-12 within 30 days
 - Company to post the information on the website
 - Company to place the fact of such resignation in BOD report in immediately following GM
 - Resignation to be effective from - date on which notice is received by company or date specified in notice (if any) whichever is LATER.
 - Director to remain liable for offences which occurred during his tenure despite the resignation
 - If all directors resigned, promotor/CG to appoint directors till dirs. duly appointed in GM
- Note:** Resignation will take effect without any need for its acceptance by BOD or co. in GM. Even if Board doesn't accept or co. fails to intimate ROC (Form DIR-12), the resignation shall still be effective.



Sec 169- Removal of Director

- Company may remove a director **before expiry of his tenure** by passing **OR** + Giving him **OOBH**.
- **ID re-appointed** for second term u/s 149 (10) can be removed only by passing **SR** + OOBH
- A **special notice** of a resolution to remove the director or appoint someone in place of a director so removed is required.
[As per **Sec - 115** - Special notice is to be given **at least 14 days** before meeting (but not earlier than 3 months) by members holding lower of **1% of VP** or **PUSC of Rs. 5 lakhs**]
- On receipt of the special notice, the co. shall forthwith send a **copy to director** concerned.
- The director shall be entitled to be:

heard on the resolution
at the meeting

make **representations** in
writing to the company

request the co. to **notify** the
representation to the **members**
- The company shall, if time permits,
 - in the notice given to members, **state the fact** the representation has been made
 - send a **copy** of the representation to every member
 - if copy of representation couldn't be sent, director may require the representation to be **read out** at the meeting (without prejudice to his right to oral representation)
- If on an application either by co. or person aggrieved, **Tribunal** is satisfied that right to make representation is abused to **secure needless publicity for a defamatory matter**, it may order:
 - Not to send the Written Representation to members
 - Not to read out the Written Representation
 - Cost incurred of making such application to tribunal be paid by director concerned.
- **Vacancy** created on removal of the director to be **filled** at the meeting provided **special notice** of intended appointment is given.
If not so filled, it can be filled u/s 161(4) (provided the dir. so removed is not reappointed by BOD)
- **Dir. so appt. shall hold office till the date predecessor would have held if he had not been removed.**
- Removal under this section shall **not deprive** a person of **CFLO**, if eligible, as per his terms of appt.
- Directors that **cannot be removed** u/s 169:

Sec 242 - Appointed
by tribunal

Sec 163 - Appointed by way of
proportional representation

Sec 161 (3) - Nominee Dir. (by a special Act
& such special act restrains such removal)

Note: Grounds for removal/reason for proposing a resolution to remove the director is not mandatory to be stated in the special notice [**LIC vs Escorts Ltd**]



Sec 170- Register of directors and KMP and their shareholding >>>

- Register to contain details of **securities** held by each of directors & KMP in **CASH and Co-subsiary**
- Register to be kept at **registered office**.
- Company to file with **ROC** a return containing such particulars within **30 days** of appointment of every director or KMP and any change taking place.



Sec 171- Members' right to inspect the register maintained u/s 170 >>>

- Open for inspection during **Business hours** and kept open at **AGM**
- **Right to take extract/copies:**
If application made by member, company to provide within **30 days** - **Free of cost**



Sec 172- Punishment >>>

If default under provision for which **no specific penalty** is provided, the company and every OID shall be liable to fine **Rs. 50,000** and in case of **continuing failure** - **Rs 500 /day** subject to maximum of **Rs. 3 lakhs** (for company) and **Rs. 1 lakh** (for OID)

❖ ————— ❖ The End ❖ ————— ❖



Multiple Choice Questions

Question:1 [Section:161(4)]

The Board of Directors of Pristine Pharmaceuticals Limited, which was incorporated under the Companies Act, 2013, consists of 7 directors. It so happened that one of the directors Mr. Avinash who was appointed in the immediately previous Annual General Meeting (AGM) met with a serious accident which ultimately resulted in his untimely death after a couple of days of this mis-happening. Consequently, a casual vacancy in the office of director arose which needs to be filled up. The Board of Directors of Pristine Pharmaceuticals Limited is contemplating to appoint Mr. Rakesh in place of Mr. Avinash to fill the casual vacancy so originated. From the given options which one you would have chosen as a CA if you were to advise the Board of Directors regarding the time limit within which Mr. Rakesh could be appointed to fill such casual vacancy in the light of applicable provisions of the Companies Act, 2013:

- The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within 3 months from the date of creation of such vacancy.
- The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited by passing a board resolution at its meeting and such appointment of Mr. Rakesh shall be subsequently approved by the members in the immediate next general meeting.
- The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within 1 month from the date of creation of such vacancy.
- The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within 2 months from the date of creation of such vacancy.

Question:2 [Section:165]

Prince is holding directorships in 20 companies of which 7 are public companies and out of 7, 3 have been categorized as dormant companies. Further, in 2 of these 7 public companies, he is holding alternate directorships. He has been offered directorships in 8 more public companies. Choose the correct alternative from the following options whether he can legally hold directorships in all these newly offered 8 public companies:

- Along with existing 20 directorships he can be director in all the 8 new companies which have offered him directorship.
- Being already director in 20 companies, he cannot accept further directorship in any other company.
- Along with existing 20 directorships he can be director only in 6 new companies.
- Along with existing 20 directorships he can be director only in 3 new companies.

Answers:

1.

(b)

2.

(d)

**Question:3 [Section:168(1) + Rule 15]**

Ritika Hospitality Services Limited, having its registered office in Bhikaji Cama Place, New Delhi, is providing various kind of services, major components of which are tours and travels, both in India and abroad. In addition to six directors, Andrezj, a resident of Warsaw, Poland also held directorship in the company as foreign director. However, due to his extremely busy schedule at Warsaw, he resigned and requested the company to relieve him from the directorship w.e.f. 23rd July, 2021. With a view to intimate the ROC regarding resignation of Andrezj, the company filed DIR-12 on 26th July, 2021. In respect of signing and filing of DIR-11, which of the following persons in India can be authorised by Andrezj in addition to a practising Chartered Accountant, a Cost Accountant in practice and a CS in practice who can sign and file the said Form DIR-11 on his behalf:

- His professional friend Shailja, an advocate practising in Delhi High Court.
- His cousin Bartek residing in India and holding directorship in an unlisted company, namely, Mithila Dairy Products Limited.
- His earlier co-director Kritika, a resident director of Ritika Hospitality Services Limited who filed DIR-12 on behalf of the company intimating the ROC regarding resignation of Andrezj.
- His close friend Devansh, Managing Director of Sunshine Travels Limited which is a listed company

**Question:4 [Section:167]**

Mr. A, Mr. B, Mrs. C, Mr. D and Mr. E are 5 Directors of the Elite Transporters Ltd. The Board of Directors of Elite Transporters Ltd. conducted 5 Board Meetings in the FY 2020-21 which were attended by Mr. A, Mrs. C and Mr. D in full whereas Mr. B attended only 4 meetings. However, it was noticed that Mr. E failed to attend any of the Board Meetings and therefore, was liable to vacate the office of directorship but he did not vacate the office despite attracting the disqualification. You are required to choose the correct option from the following 4 which indicates the quantum of punishment that is applicable in case of Mr. E for attracting the disqualification but not vacating the office of directorship as a consequence thereof:

- Mr. E shall be punishable with fine which shall not be less than Rs 1,00,000 but which may extend to Rs 5,00,000.
- Mr. E shall be punishable with fine which shall not be less than Rs 50,000 but which may extend to Rs 5,00,000
- Mr. E shall be punishable with fine which shall not be less than Rs 1,00,000 but which may extend to Rs 3,00,000.
- Mr. E shall be punishable with fine which shall not be less than Rs 1,50,000 but which may extend to Rs 3,00,000.



Answers:	3.	(c)	4.	(a)
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Question:5 [Section:151]

Amar Ltd. is a listed company engaged in the production of furniture and fittings at its factory located in Pune. There are 50,000 small shareholders of which some want to elect a small shareholders' Director so that due representation to the small shareholders is accorded by the company and the issues relating to them are resolved during the Board Meetings at the earliest. Accordingly, 750 small shareholders served a notice on the company for the appointment of Vishal, a small shareholder, who, if elected, shall hold the office of Director on behalf of the small shareholders. From the following four options, choose the one which is applicable in the given situation:

- Notice served by 750 small shareholders is valid and therefore, Amar Ltd. shall appoint Vishal as a small shareholders' Director.
- Notice served by 750 small shareholders is not valid and therefore, Amar Ltd. shall appoint Vishal as a small shareholders Director only on the requisition of 1000 small shareholders
- Notice served by 750 small shareholders is not valid and therefore, Amar Ltd. shall appoint Vishal as a small shareholders Director only on the requisition of 5000 small shareholders.
- Notice served by 750 small shareholders is not valid and therefore, Amar Ltd. shall appoint Vishal as a small shareholders Director only on the requisition of 7500 small shareholders.

Question:6 [Section:149(6)]

H Ltd., a company listed with the Bombay Stock Exchange, was incorporated on January 20, 2002. The Directors of the co. want to appoint Mr. S who is a Managing Partner of S and Associates LLP, firm of Lawyers, as an Independent Director of the company at the forthcoming (AGM) to be held on September 24, 2021. Mr. S is acting as a legal advisor to Genesis Laboratory Ltd., Associate Company of H Ltd. It is to be noted Adv. S charged consultation fees as given below:

Year	Fees (in Rs.)	Gross turnover of S and Associates (in Rs.)
2018-19	2,00,00,000	40,00,00,000
2019-20	10,00,00,000	50,00,00,000
2020-21	0	45,00,00,000

You are required to identify the correct statement from those given below:

- H Ltd. can appoint Mr. S as an Independent Director irrespective of the fact that he is Legal Advisor to Genesis Laboratory Ltd. which is its Associate Company.
- H Ltd. cannot appoint Mr. S as an Independent Director as he is Managing Partner of the firm which is legal advisor to Genesis Laboratory Ltd., its Associate Company, irrespective of the amount of fees charged by Mr. S from its Associate Company.
- H Ltd. cannot appoint Mr. S as an Independent Director as he is Managing Partner of the firm which is Legal Advisor to Genesis Laboratory Ltd., its Associate Company, and the fees charged by Mr. S exceeds the percentage as specified in the Companies Act, 2013, during one year out of the three immediately preceding FYs.
- H Ltd. can appoint Mr. S as an Independent Director even though he is the Managing Partner of the firm which is Legal Advisor to Genesis Laboratory Ltd., its Associate Company, as Mr. S did not charge any fee during the immediately preceding FY.

Answers: 5. (b) 6. (c)

**Question:7 [Section:149(1)]**

National Software Limited, a government company with 14 Directors, is desirous of appointing 2 more Directors to enable good governance and to manage its affairs more efficiently and effectively. However, Mr. X, the Managing Director of National Software Limited, is of the view that the company can validly appoint only 1 more director and therefore, appointment of 2 more Directors would be a violation of the statutory provisions. Out of the following four options, choose the one which is applicable in the given situation:

- The contention of Mr. X, the Managing Director of National Software Limited, that the appointment of appointment of 2 more Directors in the company, thus raising the number of directors to more than 15 , is valid since such action shall violate the statutory provisions.
- Appointment of more than 15 Directors can be validly made by National Software Limited by passing an ordinary resolution in the general meeting.
- Appointment of more than 15 Directors can be validly made by National Software Limited by passing a special resolution in the general meeting.
- In view of the fact that government companies are exempt from the provision which limits the maximum number of Directors in a company, National Software Limited can appoint 2 more directors, thus raising the total number of directors to 16 from the present 14.

**Question:8 [Section:149(1), Rule3]**

In compliance with the Companies Act, 2013, at least one woman director shall be on the Board of the prescribed class or classes of companies. Ms. Riya is keen to seek the office of woman director in a company. Which of the following companies is mandatorily required to appoint a woman director where Ms. Riya can hold such office:

- PQR Limited, an unlisted company, whose paid-up share capital is not exceeding 150 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.
- ABC Limited, a listed company, whose turnover is 250 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.
- XYZ Limited, an unlisted company, whose turnover is not more than 300 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.
- BCZ Limited, an unlisted company, whose paid-up share capital is not exceeding 100 crore and turnover is less than 300 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.



Answers:	7.	(d)	8.	(b)
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**Question:9 [Section:152]**

Kutumb Agro Limited (KAL), a newly incorporated company, has not mentioned the names of the first Directors in its Articles of Association. There are 8 subscribers to the Memorandum of Association including Parivaar Agro Private Limited. From the following four options, choose the one which indicates as to who shall be deemed to be the first Directors of KAL when nothing is mentioned in the Articles?

- All the 8 subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.
- Except Parivaar Agro Private Limited, all other subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.
- The shareholders shall appoint the first Directors in the General Meeting of KAL
- Out of the 8 subscribers to the Memorandum of Association, the first Directors being three individuals shall be nominated by Srinivas, the CA who has signed the Memorandum as witness and they shall be deemed to be the first Directors of KAL.

**Question:10 [Section: 149(1),Rule3]**

The turnover of XYZ Components Limited as on the last date of latest audited financial statements is 400 crore rupees. An intermittent vacancy of a woman Director arose on June 15, 2021 due to the resignation of Ms. Swati. The immediate Board Meeting after the resignation of Ms. Swati was held on October 10, 2021. From the following options, choose the one which indicates the date by which the vacancy of the woman Director must be filled by XYZ Components Limited.

- July 14, 2021.
- August 14, 2021.
- September 14, 2021.
- October 10, 2021.

**Question:11 [Section:161(2)]**

Mr. Q, a Director of PQR Limited, is proceeding on a foreign tour covering entire Europe for four months. He proposes to appoint Mr. Y as an alternate Director to act on his behalf during his absence. The Articles of Association of PQR Limited provide for the appointment of alternate Directors. Mr. Q claims that he has a right to appoint alternate Director of his choice. Which of the following options is applicable in the given situation:

- Claim made by Mr. Q to appoint Mr. Y as alternate Director is valid as the Articles of Association of PQR Limited provide for such appointment.
- Claim made by Mr. Q to appoint Mr. Y as alternate Director is not valid as the authority to appoint alternate Director has been vested in the Board of Directors only and that too subject to empowerment by the Articles of Association.
- Mr. Y cannot be appointed as an alternate Director in place of Mr. Q since Mr. Q is proceeding on a foreign tour covering entire Europe for four months only which is less than the required absence of minimum six months.
- Mr. Y cannot be appointed as an alternate Director in place of Mr. Q since Mr. Q is proceeding on a foreign tour covering entire Europe for four months only which is less than the required absence of minimum nine months.

**Answers:**

9.

(b)

10.

(d)

11.

(b)

**Question:12 [Section:168]**

Mr. Nagarjuna, one of the directors of MGT Mechanics Limited, due to his own business interests, decided to resign as director and accordingly, sent his resignation letter dated 12th June, 2021 to the company stating that he intends to resign w.e.f. 15th June, 2021. Since no communication in relation to his resignation was received from MGT Mechanics Limited, he sent an e-mail on 17th June, 2021 enquiring about the receipt of his resignation letter by the company but there was no response. However, MGT Mechanics Limited received his resignation letter on 18th June, 2021. Out of the following four options, choose the one which indicates the correct date from which his resignation will be effective:

- 12th June, 2021.
- 15th June, 2021.
- 17th June, 2021.
- 18th June, 2021.

**Question :13 [Section:161(1)]**

The Board of Directors of MNO Pharma Limited is willing to appoint Mr. R, a qualified Cost Accountant having fifteen years of rich industrial experience, as Additional Director but the Articles of Association are silent about such appointment. Mr. M, the Managing Director of MNO Pharma Limited, is of the view that the Board does not have the power to appoint an Additional Director and therefore, if any such appointment is made, it shall be invalid. From the following four options, choose the one which is applicable in the given situation:

- An ordinary resolution in general meeting needs to be passed by MNO Pharma Limited for appointment of Mr. R as Additional Director.
- A special resolution in general meeting needs to be passed by MNO Pharma Limited for appointment of Mr. R as Additional Director.
- An enabling provision in the Articles of Association is needed which confers requisite power on the Board of Directors of MNO Pharma Limited for appointment of Additional Director.
- The Board of Directors of MNO Pharma Limited has the power to appoint Mr. R as an Additional Director irrespective of whether any clause finds place in the Articles of Association for such appointment or not.



Answers:	12.	(d)	13.	(c)
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Question:14 [Section:165]

Mr. Z is proposed to be appointed as the Director in R Ltd.. It is noteworthy that Mr. Z already holds directorship in 1 dormant co., 2 Section 8 cos, 8 public limited cos and 9 Private Ltd. cos. However, out of nine private limited cos, two are subsidiaries of public limited cos. In the given circumstances, is it possible for Mr. Z to accept another directorship in R Ltd. without attracting any invalidity:

- It is not possible for Mr. Z to accept another directorship in R Ltd. since he is already holding directorships in 20 companies.
- It is not possible for Mr. Z to accept another directorship in R Ltd. since he is already holding directorships in 8 public limited companies and 2 such private limited companies which are subsidiaries of public limited companies.
- It is possible for Mr. Z to accept another directorship in R Ltd. since Section 8 companies and dormant companies are excluded while calculating the limit of 20 companies.
- It is possible for Mr. Z to accept another directorship in R Ltd. since there is no limit on holding any number of directorships.

Question :15 [Section:149(3)]

T Ltd, having Registered Office in New Delhi, has three dirs, namely, A, B and C, who often visit foreign countries in order to develop and secure business opportunities for the co. on sustainable basis. One of the legal requirements for an Indian co is that at least one of its dirs must stay in India for a specified period. To reckon as 'resident dir' for FY 2021-22, advise the co. by selecting correct option as to which period spent in India by any one of its dirs shall count towards statutory period.

- Period spent in India during the previous FY 2020- 21.
- Total of 50% of the period spent in India during the FY 2019-20 and another 50% of the period spent in India during the FY 2020-21.
- Total of 50% of the period spent in India during the FY 2020-21 and another 50% of the period spent in India during the FY 2021-22.
- Period spent in India during the FY 2021-22

Question:16 [Section:149(1),Rule3]

As per the audited FS of immediately preceding FY 2020-21, the paid-up capital of Aastha Limited was Rs. 75 crs (much below the threshold limit) which did not require appointing a woman dir. However, the t/o during the same period was Rs. 334 crs i.e., above the threshold limit which required appointing a woman dir. Choose the correct option from those given below as to whether Aastha Limited is required to bring on the Board a woman dir. or not.

- The company is not required to appoint a woman director since only one of the parameters and not both have crossed the threshold limit.
- The company is required to appoint a woman director since any one parameter out of the two exceeding the threshold limit shall necessitate such appointment.
- The requirement of appointing a woman director arises only when paid up capital exceeds the threshold limit and therefore, the company is not required to appoint a woman director.
- In a situation where one parameter is below and the other is above the threshold limit, the company, as per its discretion, may or may not appoint a woman director.

Answers:

14.

(b)

15.

(d)

16.

(b)