

UNIT 3 MANAGERIAL PERSONNEL

Directors- Legal Position- Appointment, Removal, Rights, Duties And Powers -Qualification- Women Directors- Independent Directors- Director Identification Number- Other Key Managerial Personnel- Related Party Transactions.

MEANING

A director includes any person occupying the position of director by whatever name called. Only an individual can be appointed a director.

POSITION OF DIRECTORS

1. Directors as agents

When the directors enter into contract with third parties sign documents for and on behalf of the company etc, they act as the agent of the company. They bind the company by their acts.

2. Directors as Trustees

They are in the position of trustees, when they manage the assets and properties of the company. Similarly when they exercise the powers entrusted to them they are in the same position. It means that they should safeguard the interest of the company and should never abuse the powers for promoting their personal ends.

3. Directors as Officers

Directors also act as officers of the company. When they have to manage the affairs of the company, they are in the position to Chief Executive Officers. Thus the directors combine in themselves the roles of agents, trustees and officers.

QUALIFICATION OF DIRECTORS

1. Only individuals can be appointed as directors of the company.
2. They must have contractual capacity
3. They must possess qualification shares, if laid down in the Articles. In such a case the qualification must be acquired within two months of their appointment as directors. The nominal value of qualification share should not exceed Rs.5,000 or one share where its nominal value exceeds Rs.5,000.

DISQUALIFICATION OF DIRECTORS

The following persons are disqualified for appointment as directors of a company;

1. A person of unsound mind
2. An undischarged insolvent
3. Any person who has applied for being adjudged an insolvent
4. Any person who had been sentenced with imprisonment for an offence involving moral turpitude for a period exceeding 6 months and a period of 5 years has not elapsed since

the date of expiry of the sentence

5. A person who has not paid the call money and the calls in arrear are outstanding for more than 6 months
6. Any person disqualified by a court for appointment as director for having committed fraud in management

APPOINTMENT OF DIRECTORS

First directors are usually named in the Articles if the Articles are silent, the signatories to the memorandum shall be deemed to be the first directors of the company.

a. Appointment of Directors by the Company

Subsequent directors are elected by shareholders at the AGM. If a company adopts the principle of retirement by rotation, one-third of the directors must retire by rotation. The retiring directors are eligible for reappointment.

b. Appointment by Board of Directors

The Board can appoint additional directors. They can fill up casual vacancy caused by death, resignations, etc. they can also appoint alternate director. If empowered by Articles, the Board may appoint an alternate director during his absence for a period of the less than 3 months from the date in which meetings of the Board are ordinarily held.

c. Appointment by Third Parties

If authorized by the Articles, third parties such as vendor of the business, banking or financial institutions which have advanced loans to the companies, can appoint their nominees on the Board.

d. Appointment by Central Government

The Central Government can also appoint directors on an order passed by the Company Law Board or on the application of not less than 100 members of the company or of members holding 10% of the total voting power.

NUMBER OF DIRECTORSHIP

A person can hold office as director in not more than 15 companies at the same time. In calculating the number of directorships, the directorship of independent private limited companies, non-profit associations, and alternate directorships excluded.

Every public company must have at least 3 directors and every private company must have at least 2 directors.

REMOVAL OF DIRECTORS

A director of a company can be removed from office by the company by an ordinary resolution before the expiry of his term, when such a director has acted in fraudulent manner or abused his fiduciary position.

The Central Government can remove a director under certain circumstances.

The Company Law Tribunal may also order for removal of a director where an application has been made to it on charges of oppression and mismanagement of the company

affairs.

VACATION OF OFFICE

A director must vacate his office in the following circumstances;

- i. When he is found to be of unsound mind by a competent court
- ii. If he is adjudged an insolvent
- iii. If he fails to obtain his qualification shares within the prescribed time or ceases to hold at any time thereafter
- iv. If he is convicted of an offence involving moral turpitude and sentenced to imprisonment for not less than 6 months
- v. If he fails to pay any call money within 6 months
- vi. If he absents himself from three consecutive Board meetings or from all meetings of the Board for a continuous period of three months whichever is longer without obtaining leave of absence from the Board
- vii. If he becomes disqualified by an order of the Court
- viii. If he fails to disclose to the Board his interest in any contract entered into by the company.

POWER OF DIRECTORS

According to sec.292, the powers are mentioned below;

1. General Powers

The board of directors of a company is entitled to exercise all such powers and to do all such acts and things as the company is authorized to do. However the Board shall not do any act which is to be done by the company in general meeting.

2. Statutory Powers

By means of resolutions passed at the Board meetings, the following powers can be exercised by the directors.

- i. To make calls
- ii. To issue debentures
- iii. To borrow money otherwise than on debentures
- iv. To make loans

3. Other powers to be exercised at Board Meetings

- i. To fill up casual vacancy in the office of directors
- ii. To appoint additional directors, if authorized by the articles
- iii. To appoint an alternate director if authorized by the articles
- iv. To accord sanction to contracts in which any director or his relative is interested
- v. To recommend a certain rate of dividend to be declared at the annual general

meeting

- vi. To make investments in the companies in the same group
- vii. To appoint the first auditors of the company
- viii. To fill up the casual vacancy of the office of an auditor not caused by resignation

4. Restrictions on the powers of directors

The following powers cannot be exercised by the Board without the consent of the shareholders in the general meeting.

- i. To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company
- ii. To extend time for repayment of any debt due by a director
- iii. To borrow money where the money to be borrowed together with that already borrowed is in excess of the aggregate of the paid up capital and free reserves
- iv. To contribute to charitable funds in excess of the prescribed limit

DUTIES OF DIRECTORS

1. Fiduciary Obligation

Since the company is an artificial person, it acts through the agency of natural persons who are known as directors. Though the directors have powers, they have to do it for the benefit of the company. Accordingly they must display good faith in all dealings or acting on behalf of the company.

2. Duty to Care

The directors should work very careful and honesty so that the company will get more profits. Directors must act honestly in the performance of his duties.

3. Duty to attend the Board Meeting

Board meetings are the appropriate places for the decisions and policy making of the company. If he does not attend the meetings, it shows his negligence. If he absents for three consecutive meetings, then he shall be removed from the company. It is the duty of the directors to attend the board meetings regularly.

4. Duty not to delegate

The directors must perform their duties personally. The powers of the company are delegated to the directors. Therefore he cannot delegate his powers to others persons.

5. Duty to disclose interest

Every director who is in any way whether directly or indirectly concerned or interested in arrangement or proposed contract or arrangement, entered into or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the board of directors.

6. Statutory Duties

Some of the important duties laid down in the Companies Act are listed below;

- a. To sign a prospectus and deliver it to the Registrar before its issued to the public
- b. To see that all moneys received from applicants for shares are kept in a

scheduled bank

- c. Not to allot shares before receiving minimum subscription
- d. To forward a statutory report to all its members at least 21 days before the date of the meeting
- e. To hold the meetings at least once in three months
- f. If a director is interested in a contract, to disclose the nature of his interest
- g. To call for annual general meeting every year
- h. To file all statutory returns with prescribed authorities
- i. To take steps for filing declaration of solvency in the case of voluntary winding up

LIABILITY OF DIRECTORS

A. liability to outsiders

The directors are personally liable to third parties of contract in the following cases;

- They contract with outsiders in their personal capacity
- They contract as agents of an undisclosed principal.
- They enter into a contract on behalf of prospective company
- When the contract is ultra vires the company
- When they fail to repay application money
- When they make misstatement in prospectus
- When they make irregular

B. Liability to Company

The directors shall be liable to the company for the following;

- Where they have acted ultra vires the company
- When they have acted negligently
- Where there is a breach of trust
- Directors are liable to the company for misfeasance

C. Criminal Liability of Directors

Directors may incur criminal liability for the following activities;

- a. Misstatement in the prospectus
- b. Failure to file return of allotment
- c. Failure to issue share certificates within the prescribed period
- d. Failure to pay dividend within 42 days from the date of declaration
- e. Failure to lay before the AGM audited profit and loss account and balance sheet
- f. Failure to file copies of special resolution with the Registrar within 30 days of passing the resolution
- g. Failure to furnish the necessary information to the company's auditors
- h. Destruction of important document
- i. Holding the office of directors in more than 15 companies excluding private companies.

MANAGING DIRECTOR

Meaning

Managing Director is a director who is entrusted with substantial powers of management, which would not be otherwise available to him. Routine administrative work is not included in the term "Substantial Powers of management". A managing director is appointed

- a) As result of an agreement entered into with the company or
- b) As a result of a provision contained in the memorandum or articles or
- c) In pursuance of a resolution passed wither by the Board or by the company in general meeting

Some of the important points worth noting regarding managing director are given below

1. Without the approval of Central Government no change can be effected in the terms of appointment of a managing director
2. A managing director cannot be appointed for a period exceeding 5 years at a time
3. A person cannot act as a managing director of more than 2 companies at a time
4. The remuneration should not exceed 5% of the annual net profits if there is one managing director. If there is more than one such director, 10% for all of them together. This can be paid by way of monthly payment or at a specified percentage of netprofits or by both ways.

MANAGER

Manager and managing director have similar functions to perform. The important difference between the two is that while a managing director must be a director, a manager need not be a director. Only an individual can be appointed as a manager.

Subject to the superintendence, control and direction of the Board of directors, a manager is entrusted with the management of the whole or substantially the whole of the affairs of the company.

1. A company cannot have more than one manager
2. The powers of a manager are wider than those of a managing director, because the manager may be entrusted with the management of whole of the affairs of the company.
3. Maximum remuneration payable to a manager cannot exceed 5% of the annual net profits
4. Manager cannot be appointed for a period exceeding 5 years at a time

MANAGERIAL REMUNERATION

Managerial remuneration may take the form of monthly payments (salary), or a specified percentage of net profits or a commission, etc. this expression shall include the value of perquisites. The total managerial remuneration payable by a public limited company to its director or manager must not exceed 11% of the net profits of the company for that financial year. Remuneration to a managing director or whole time director may be paid not exceeding 5% of the net profits and if there is more than one such director, 10% for all of them together.

In a year of no profits or inadequate profits, such managerial remuneration shall be governed by the provisions of Schedule XIII of the Companies Act, 1956.

Otherwise, the remuneration payable to directors is usually determined by the Articles of Association or a resolution passed by the company in its general meeting. The total managerial remuneration payable to directly managing director, or manager and whole-time director should not exceed 11% of the net profit and if profit is inadequate, a sum not exceeding Rs.50, 000 per annum, this will applicable for public company and there is no restriction for private company.

COMPANY SECRETARY

DEFINITION

According to the Companies Act, 1956, “a company secretary means company secretary as defined under the Companies Secretaries Act and includes any other individual possessing the prescribed qualifications and appointed to perform the duties by a secretary under this Act or any other ministerial or administrative duties”.

According to the Company Secretaries Act, 1980 a company secretary is a person who is a member of the Institute of Companies Secretaries of India.

FUNCTIONS AND DUTIES OF COMPANY SECRETARIES

1. As a head of the Secretarial department, the secretary controls and supervises the activities of the department under his control. As a principal officer of the company, he signs documents requiring authentication. He performs all such acts as authorized by the Board.
2. The secretary arranges for the Board meeting, in consultation with the Chairman of the Board, fixes a day, time and place of the meeting and prepares agenda and issues notice of meetings.
3. He ensures that the actions of the Board do not infringe the provisions of the Companies Act and are beyond the scope of Memorandum and Articles of Association
4. The secretary functions in the best interest of the shareholders. He has to deal with the shareholders with tact. He performs all legal formalities connected with the conduct of general meetings of shareholders and records the proceedings of the minutes in the Minute book. He should ensure that all correspondence with shareholders is dealt with promptly and their queries answered carefully keeping in view the statutory provisions in this regard.
5. His functions in relation to issue of allotment letters, share certificates, dividend warrants, share transfers, forfeiture of shares and a host of other things are also important
6. As a chief officer closely connected with the Board, he has to co-ordinate the work of different departments
7. He has to liaise between staff and directors, management and labour and other persons dealing with the company efficiently and effectively
8. He has to inspire confidence in their staff and win their co-operation

STATUTORY DUTIES

1. To sign any document requiring authentication under any statute
2. To arrange for filing statement in lieu of prospectus
3. To deliver share or debenture certificate within 3 months of allotment or within 2 months of registration of transfer
4. To file notice of situation of the registered office of the company
5. To make a statutory declaration for getting the certificate of commencement of business and file it with the Registrar
6. To sign the annual return
7. To send notices of general meetings to every member of the company
8. To prepare minutes of every general and Board meetings or meeting of every committee of the Board within 30 days
9. To maintain a number of statutory books such as register of members, register of debenture holders, etc

GENERAL DUTIES

1. To discharge his duties most diligently and honestly and not to act beyond the scope of his authorities
2. To maintain secrecy of confidential matters

WOMEN DIRECTORS

Woman Director – Companies Act 2013

As per the Companies Act, 2013, it is mandatory to appoint at least one woman director as a board member in certain types of companies. The penalty for non-compliance of provision extends to a fine of Rs.10,000 with a further fine of Rs.1000 per day if the contravention continues.

Criteria

A company, whether a public company or a private concern, will be required to mandatorily appoint at least one woman director if it fulfils any of the following criteria:

1. It is a listed company whose securities are listed on any stock exchange.
2. It is a company having paid-up capital of Rupees one hundred crore or more, and a turnover of Rupees three hundred crores or more.

Procedure for Appointment of Woman Director

A Woman Director can be appointed during the time of company registration or after incorporation by the Board Members and the Shareholders.

Director Identification Number

Any person who wishes to hold the position of Director in an Indian company must first obtain Director Identification Number (DIN) which is a unique identification number for each director. A Woman Director must first obtain DIN to become Director of a Company. In case a Woman Director is being appointed during the company incorporation process itself, DIN will be generated along with the incorporation certificate. No person can hold or acquire more than one DIN.

Consent to Act as Director

In case of appointment of Woman Director in existing company, consent in Form DIR-2 given by the Woman Director is to be filed with the Registrar of Companies within 30 days of her appointment.

Roles of Women Directors

Women director has to play the role like any other director. Women can take up a role of Nominee Director who will be nominated by a party in the company to take care of its interest. Also, Women can take up a role of Independent Director who is not liable to retire by rotation.

Women Directors can hold a maximum of twenty directorships that includes the sub-limit of ten public companies. Any contravention on this part shall be subjected to a fine ranging between Rs.5000-Rs.25000.

Vacancy in the Position of a Women Director

A Woman Director may leave the company on any reasons such as resignation, removal, automatic vacation or retirement by rotation before the expiry of her term as a Director. The Board of Directors must fulfil this vacancy known as intermittent vacancy within a period of three months.

A company can also have more than one woman director and the vacancy caused by one of them will not be considered as an intermittent vacancy, as the company still satisfied the Companies Act of 2013 with respect to Women Directors.

Alternative Director

In case of absence of a Woman Director for a period of not less than three months, the board must appoint an alternative director to ensure the smooth functioning of the company. The alternative director shall leave the firm after the return of the woman Director. In case of more than one woman director, it is optional for the company to appoint an alternative director.

Term of Women Director

A woman director can hold the position of Director until her next Annual General Meeting from the date of appointment. She is also entitled to seek for reappointment at the general meeting. The tenure of women director is liable to retirement by rotation similar to other directors. Like any other director, a Woman Director can also tender her resignation any time before the expiry of her term by giving a notice to the company.

INDEPENDENT DIRECTORS

Independent Director – Companies Act 2013. An independent director is a non-executive director who does not have any kind of relationship with the company that may affect the independence of his/her judgment.

Companies Which Are Required To Appoint Independent Directors

I. LISTED PUBLIC COMPANY

Every listed public company shall have

- At least one-third of a total number of directors as independent directors.
- Any fraction contained in that one-third shall be rounded off as one.

II. UNLISTED PUBLIC COMPANY

The Central Government may prescribe the minimum number of independent directors in case of any class(es) of public companies.

As per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the following classes of companies shall have at least 2 directors as independent directors.

- Public Companies with paid-up share capital of Rs. 10 crores or more.
- Public Companies with turnover of Rs. 100 crores or more.
- Public Companies with aggregate outstanding loans, debentures, and deposits, exceeding Rs. 50 crores.

Role of an Independent Director

Independent Director acts as a guide, coach, and mentor to the Company. The role includes improving corporate credibility and governance standards by working as a watchdog and help in managing risk. Independent directors are responsible for ensuring better governance by actively involving in various committees set up by company

The independent directors are required because they perform the following important role :

1. Facilitate withstanding and countering pressures from owners;
2. Fulfil a useful role in succession planning;
3. On issues such as strategy, performance, risk management, resources, key appointments and standards of conduct he must support in gaining independent judgment to bear on the board's deliberations
4. While evaluating the performance of board and management of the company bring an objective view
5. Scrutinizing, monitoring and reporting management's performance regarding goals and objectives agreed in the board meetings
6. Safeguard the interests of all stakeholders, particularly the minority shareholders;
7. Balance the conflicting interest of the stakeholders;
8. Satisfying themselves that financial controls and systems of risk management are in operation and check on the integrity of financial information
9. In situations of conflict between management and shareholder's interest, aim towards the solutions which are in the best interest of the company
10. Establishing the suitable levels of remuneration of
 - Executive directors,
 - Key managerial personnel
 - Senior management

Duties of an Independent Director

The Independent Directors shall :

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge, and familiarity with the company
2. Attempt to attend company's general meetings
3. Attempt to attend BOD's meetings and board committees meeting being a member
4. Have adequate knowledge about the company and the external environment in which it operates
5. Report matters concerning the unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy
6. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees
7. Not to unfairly obstruct the functioning of the company or committee of the board
8. Participate in the board's committee being chairpersons or members of that committee
9. Not to disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the board or required by law
10. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.

DIRECTOR IDENTIFICATION NUMBER

DIN is a unique Director identification number allotted by the Central Government to any person intending to be a Director or an existing director of a company.

It is an 8-digit unique identification number which has a lifetime validity. Through DIN, details of the directors are maintained in a database.

DIN is specific to a person, which means even if he is a director in 2 or more companies, he has to obtain only 1 DIN. And if he leaves a company and joins some other, the same DIN would work in the other company as well.

DIN is used - whenever a return, an application or any information related to a company will be submitted under any law, the director signing such return, application or information will mention his DIN underneath his signature.

DIN is applied as follows with relevant forms:

1. SPICe Form:

Application for allotment of DINs to the proposed first Directors in respect of New companies shall be made in SPICe form only.

2. DIR-3 Form:

Any person intending to become a director in an already existing company shall have to make an application in e-form DIR-3 for allotment of DIN.

3. DIR-6 Form:

Any changes in the particulars of the directors shall be filed in form DIR-6

Documents to be attached with the forms

1. For SPICe Form:

Attach Proof of Identity and Address Proof. DIN would be allocated to an applicant only after approval of the form.

2. Form DIR-3:

a. Attachments:

Photograph, Identity proof, Residence proof, Verification (Name, father's name, present address, date of birth, text of declaration and physical signature of the applicant)

In case of foreign nationals, they are required to submit their passport as an identity proof.

b. Documents to be attested by a CA or CS or CMA

Photograph, identity proof and residence proof must be attested by a Chartered Accountant or a Company Secretary or a Cost Accountant, in whole time practice.

In case of foreign nationals, their documents can be attested by Consulate of the Indian Embassy and Foreign Public Notary.

After uploading DIR-3 and the supporting documents, the applicant will pay the fee in the next window screen. It has to be paid through net banking, credit card or NEFT. Manual(offline) payment is not allowed.

c. Generation of DIN

Once the application fee is paid and the application is submitted, the system will generate an application number. Central Government will process the application and decide the approval/ rejection.

If the DIN application is approved, the central government will communicate the DIN to the applicant within 1 month.

If DIN application is rejected, it will e-mail the reason of rejection to the applicant and will also put the reason on the website. The applicant will get 15 days to rectify the reason. If he rectifies such reasons and is able to satisfy the central government, he will be allotted DIN otherwise central government will label the application INVALID.

d. Intimating DIN to company

Within one month of receiving DIN from the central government, the director has to intimate about his DIN to all companies where he is a director.

The company will intimate RoC about DIN within 15 days from the date when the director intimates his DIN to the company.

Failure of the director to intimate DIN to the company or failure of the company to intimate RoC about DIN will result in penalties.

3. Form DIR-6

For changing any details mentioned in the DIR-3 form/ SPICe with respect to Directors, then Form DIR-6 has to be submitted online. With the form, the attested supporting document is also required to be submitted.

Reasons For Surrendering Or Cancelling The DIN

The Central government may cancel the DIN due to the following reasons:

1. If a duplicate DIN has been issued to the director
2. DIN was obtained by fraudulent means
3. On the death of the concerned person
4. The person has been declared unsound mind by the court
5. The person has been adjudicated as insolvent

The director can also surrender the DIN in Form DIR-5. With the form, he has to submit a declaration that he has never been appointed as a director in the company and the said DIN has never been used for filing any document with any authority. Upon verifying the e-records, the central government will de-activate the DIN.

Note that, once a person is appointed as a director in any company as per the Companies Act 2013, he cannot relinquish his DIN in the future. Even if he doesn't remain a director anymore in that company or in any other company, his DIN will exist as it is.

OTHER KEY MANAGERIAL PERSONNEL

Key Managerial Personnel refers to a group of people who are in charge of maintaining the operations of the company. Accounting Standard 18(AS-18) states that Key Managerial Personnel (KMP) are people who have authority and responsibility for planning, directing and controlling the activities of the reporting enterprise. Chief Executive Office, Chief Financial Officer, Company Secretary, Whole Time Director are the Key Managerial Personnel.

Key Managerial Personnel under Companies Act, 2013

Under Section 2 of the Companies Act 2013, Key Managerial Personnel in reference to a company are as follows:

- Chief Executive Officer/Managing Director
- Company Secretary
- Whole Time Director
- Chief Financial Officer

Chief Executive Officer/Managing Director

The managing director or chief executive officer is responsible for running the whole company. Also, the managing director has authority over all operations and has the most power in a managerial hierarchy.

He is also responsible for innovating and growing the company to a larger scale. In many countries, a managing director is also called a Chief Executive Officer (CEO).

Company Secretary

A company secretary is a senior level employee in a company who is responsible for the looking after the efficient administration of the company. The company secretary takes care of all the compliances with statutory and regulatory requirements.

He also ensures that the targets and instructions of the board are successfully implemented. However, in some countries, a company secretary is also called a corporate secretary.

Whole Time Director

A Whole Time Director is simply a director who devotes the whole of his working hours to the company. He is different from independent directors in the sense that he has a significant stake in the company and is part of the daily operation. A managing director may also be a whole time director.

Chief Financial Officer

Chief Financial Officer (CFO) is a senior level executive responsible for handling the financial status of the company. The CFO keeps tabs on cash flow operations, does financial planning, and creates contingency plans for possible financial crises.

RELATED PARTY TRANSACTIONS

A related party is a party related to a body corporate/ company in any other way other than by the companies' own transactions. It means that a special relationship persists between the parties even before the transaction takes place. Section 2(76) of the Companies Act, 2013 ("the Act"), defines a related party with reference to a company, to mean:

- a. director or a key managerial person or their relatives or
- b. a firm, private company in which the partner, director/ manager or his relative is a partner or
- c. a private company or a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital.

The definition also includes a. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager and b. any person on whose advice, directions or instructions a director or manager is accustomed to act as related party transactions.

The provisions of related party transactions are applicable to private and public companies.

Related party transactions

S. No	Transactions as per Companies Act requiring approval of the Board by resolution	Transactions as per The Companies (Meetings of Board and its powers) Rules 2014 requiring approval by the company
1	Goods and Material: Sale, purchase or supply	Sale/Purchase/Supply of goods/material directly or through an agent covering 10% or more of turnover OR one hundred Crores
2	Property: Selling or buying or leasing	Sale/Purchase of property directly or through an agent that is 10% or more of net worth OR one hundred Crores (whichever is
3	Agent for (1) and (2) above	Availing or rendering of services directly or through an agent which is 10% or more of turnover OR fifty Crores (whichever is
(All the above limits are to be taken on all transactions done on a financial year basis)		
4	Others: <ul style="list-style-type: none"> • Availing of or rendering of services • Underwriting of securities or derivatives • Related partys' appointment to place of profit or office* in the company/subsidiary/associate • If the: • Director or • individual other than director/firm/private company/body corporate <p>receive from the company an amount over and above the remuneration (In case of directors)and anything by way of remuneration for others</p>	<ul style="list-style-type: none"> • Related party's appointment to place of profit or office in the company/subsidiary/associate where the remuneration exceeds two and a half lakhs • Underwriting of securities or derivatives when remuneration exceeds 1% of the net worth

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2. V.Balachandran and S. Thothadri, Legal Aspects of Business, Tata Mc Graw Hill Education Private Limited, (2012).
3. P.Saravanel S.Sumathi, Legal Systems in Business, Himalaya Publishing House,(2011).

Question Bank

PART – A

1. Memorize the meaning of Director.
2. List the positions of directors.
3. Summarize the qualification of directors.
4. Label the authorities who can appoint the directors.
5. Recognize the number of directorships for person and company
6. Sketch the situations under which managing director is appointed.
7. Relate the functions of manager in company.
8. Tell the meaning of company secretary.
9. Recognize any three roles of independent director.
- 10.Recall DIN.

PART – B

- 1.Discuss about powers and duties of directors.
- 2.Identify how directors are appointed and removed in company.
- 3.Express the position of directors in company and on what basis they are qualified and disqualified.
- 4.Explain about liability of directors.
- 5.Recall the functions, duties along with statutory duties of company secretary
- 6.Reiterate the role and remuneration of managing director in company.
- 7.Review the role of women directors in company.
- 8.Report on Director Identification Number.
- 9.Describe the roles and duties of an independent director.
- 10.Interpret about Chief Executive Officer, Company Secretary, Whole Time Director, Chief Financial Officer.