

14. Directors

Q Explain the concept of appointment of small shareholder directors

→ According to section 151 of the Act, a listed company may have one director elected by such small shareholders in such manner and on such terms and conditions as may be prescribed.

→ small shareholder means a shareholder holding shares of nominal value of not more than 20,000 or such other sum as may be prescribed.

→ Here the nominal value of shares is relevant. It does not matter how much is the paid up value or market value of shares.

Q How to apply for DIN?

→ when the DIN is applied for proposed director of new company then DIN can be obtained through SPICe+ here maximum 3 DINs can be obtained.

→ proposed director of ~~new~~ existing company then DIN can be obtained through DTR-3

Q does a person intends to be an independent director need to get itself registered in databank.

→ Every individual -

a) who has been appointed as an independent director in a company on the date of commencement of companies shall within 10 ten months from such commencement. OR

b) who intends to get appointed as an independent director in a company ~~after such appoint~~ ~~or~~ after commencement shall before such appointment.

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is required to apply online at the <https://ica.nic.in/> for inclusion of his name in the date bank for a period of one year, 5 years or for his life time and from time to time. time steps as specified till he continues to hold the office of one independent director in any company.

Q. What are the qualification of directors. When is person disqualified for appointment.

→ Qualification of directors :-

1) must have obtained director identification number before his appointment from MCA. Central government may prescribe any identification number which shall be treated as DIN for the purpose of the Act.

2) He has not been disqualified u/s 69.

→ Disqualification of directors section: 164 (1) :-

A person shall not be eligible for the appointment as a director if :

a) is unsound minded and stands so declared by court.

b) He is an undischarged solvent.

c) applied to be adjudicated as an insolvent and application is pending.

d) He has been convicted by court of an offense involving moral turpitude and otherwise and sentenced imprisonment for not less than 6 months and period of 5 years has not elapsed.

e) convicted of the offense dealing with related party transaction at any time during last 3 years.

f) He has not got DIN.