



FACULTY OF JURIDICAL SCIENCES

Course : B.A.LL.B./BBALL.B IInd Semester

SUBJECT: COMPANY LAW
SUBJECT CODE: BAL 406/BBL 406

NAME OF FACULTY: Ms. Anjali Dixit
Assistant Professor

FACULTY OF JURIDICAL SCIENCES



LECTURE-22

APPOINTMENT AND QUALIFICATIONS OF DIRECTORS:

(continued)

7. Independent Directors

Section 2(47) of the Act prescribed that "Independent director" means an independent director referred to in sub section (5) of section 149 of the Act. In fact reference should have been made to sub section (6) of 149 as it specified the qualifications of independent director with clarity.

Every listed public company shall have at least one-third of the total number of directors as independent directors (fraction is to be rounded off to one). Central Government has prescribed under Rule 4, public companies with specified limits as on the last date of latest audited financial statements mentioned below shall also have at least 2 directors as independent directors:-

paid up share capital of Rs. 10 crore or more;

or turnover of Rs. 100 crore or more;

or in aggregate, outstanding loans/borrowings/debentures/ deposits/ exceeding Rs. 50 crore or more.

In case a company covered under this rule is required appoint higher number of independents directors due to composition of its audit committee and then they shall appoint such higher number of independent directors.

Further if there is any intermittent vacancy of an

independent director then it shall be filled up by the board of directors within 3 months from the date of such vacancy or not later than immediate next board meeting, whichever is later.

Once the company covered under above sub-rule (i) to (iii) of Rule 4, ceases to fulfil any of three conditions for three consecutive years then it shall not be required to comply these provisions until such time as it meets any of such conditions.

(To be continued)

MCQs

1. Every listed public company shall have at least one-third of the total number of directors as independent directors

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

2. Further if there is any intermittent vacancy of an

independent director then it shall be filled up by the board of directors within 3 months from the date of such vacancy or not later than immediate next board meeting, whichever is later.

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

3. Section 2(46) of the Act prescribed that “Independent director”

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

4. Central Government has prescribed under Rule 5, public companies with specified limits as on the last date of latest audited financial statements mentioned below shall also have at least 2 directors as independent directors:- paid up share capital of Rs. 10 crore or more.

- i. True

- ii. False
- iii. Can not say
- iv. None of the above

**5. Central Government has prescribed under Rule 4, public companies with specified limits as on the last date of latest audited financial statements mentioned below shall also have at least 1 directors as independent directors:-
turnover of Rs. 100 crore or more;**

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

