



## **FACULTY OF JURIDICAL SCIENCES**

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

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

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**FACULTY OF JURIDICAL SCIENCES**



## ***LECTURE-25***

### **APPOINTMENT AND QUALIFICATIONS OF DIRECTORS:**

*(continued)*

#### **Liability of an Independent Director-Section 149 (12)**

An independent director and a non-executive director except the promoter or key managerial personnel, shall be held liable only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable

through Board processes and with his consent or connivance or where he had not acted diligently.

### **Manner of selection of an Independent Director- Section 150**

According to section 150 (1) of the Act, independent directors may be selected from a data bank of eligible and willing persons maintained by the agency (Any body, institute or association as may be authorised by Central Government). Such agency shall put data bank of independent directors on the website of Ministry of Corporate Affairs or any other notified website. Company must exercise due diligence before selecting a person from the data bank referred to above, as an independent director.

This section further stipulates that the appointment of independent directors has to be approved by members in a General meeting and the explanatory statement annexed to the notice must indicate

justification for such appointment.

**Rule 6 (2) prescribed** that such data bank shall contain, the following details who is eligible and willing to be appointed as independent director:

(a) DIN (Director Identification Number); (b) Name and surname in full; (c) Income-tax PAN ; (d) Father' s/Mother;s/ Spouse' s name( if married) ; (e) Date of Birth; (f) Gender; (g) Nationality; (h) Occupation; (i) Full Address with PIN Code (present and permanent) (j) Phone number; (k) E-mail id; (l) Educational and professional qualifications; (m) Experience / expertise, if any; (n) Any legal proceedings initiated or pending against such person; (o) List of limited liability partnerships in which he is or was a designated partner along with Name of the LLP, Nature of Industry; and Duration-with dates; (p) List of companies in which he is or was director along with Name of the company; Nature of industry; Nature of directorship – Executive / Non-

executive / Independent / Nominee Director; and  
Duration – with dates.

A disclaimer shall conspicuously be displayed on the website along with the databank that a company must carry out its own due diligence before appointment of any person as an independent director and the agency maintaining the databank or the Central Government shall not be responsible for accuracy of information or lack of suitability of the person whose particulars from part of the databank.

{Rule 6(3)}

Any person who desires to get his name included in the data bank of independent directors shall make an application to the agency in Form DIR-1 Application for inclusion of name in the databank of Independent Directors which includes the personal, educational, professional, work experience, other Board details of the applicant {Rule 6(4)}. The agency may charge a

reasonable fee from the applicant for inclusion of his name in the data bank of independent directors {Rule 6 (5)}.

An existing or applicant of such data bank of independent directors shall intimate any changes in his particulars within fifteen days of such change to the agency {Rule 6 (6)}.

Rule 6 (7) prescribed that the databank posted on the website shall:

- a. be accessible at the specified website;
- b. be substantially identical to the physical version of the data bank;
- c. be searchable on the parameters specified in rule 6 (2);
- d. be presented in a format or formats convenient for both printing and viewing online; and
- e. contain a link to obtain the software required to view / print the particulars free of charge.

***(To be continued)***

## MCQs

1. Any person who desires to get his name included in the data bank of independent directors shall make an application to the agency in Form DIR-2 Application

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

2. According to section 150 (1) of the Act, independent directors may be selected from a data bank of eligible and willing persons maintained by the agency (Any body, institute or association as may be authorised by Central Government).

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

3. Company must exercise due diligence before selecting a person from the data bank, as an independent director.

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

**4. The appointment of independent directors has to be approved by members in a General meeting and the explanatory statement annexed to the notice must indicate justification for such appointment.**

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

**5. Rule 6 (3) prescribed that such data bank shall contain, the details who is eligible and willing to be appointed as independent director.**

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



