



B.Com Honours

Semester IV

Calicut University

# **CORPORATE REGULATIONS AND GOVERNANCE**

Course Code: COM4CJ203 • Module 3 Notes

# Module III: Management of Companies & Corporate Governance

---

Regulates the Board of Directors, Key Managerial Personnel (KMP), statutory director duties, and SEBI Corporate Governance compliance frameworks for listed entities.

## Unit 12: Board of Directors – Appointment & Types of Directors

---

- 1. Legal Position:** Directors act as agents, trustees, and managing partners of the company.
- 2. Types of Directors:** Executive Director, Non-Executive Director, Independent Director (Sec 149(6) - non-material relationship), Woman Director (mandatory for listed co & public co with capital  $\geq$  100 Cr), Alternate Director, and Nominee Director.

## Unit 13: Director Powers, Duties, Liabilities, & KMP

---

- 1. DIN Requirement:** Every director must obtain a 8-digit Director Identification Number (DIN) under Sec 153. Disqualifications under Sec 164 (unsound mind, undischarged insolvent, conviction > 6 months).
- 2. Duties (Sec 166):** Act in good faith, exercise due care, avoid conflict of interest.
- 3. Key Managerial Personnel (KMP - Sec 203):** CEO/MD, Company Secretary (CS), and CFO mandatory for listed companies.

## Unit 14: Corporate Governance & SEBI (LODR) Regulations

---

Systems of rules and processes by which companies are directed and controlled. Key Mandates: Audit Committee (min 3 directors, 2/3rd independent), Stakeholders Relationship Committee, Risk Management Committee, and Whistleblower Vigil Mechanism.

**Practical Case Framework (Types & Statutory Mandates of Directors Table):** Compare appointment rules and statutory requirements for corporate directors in India.

**Corporate Director Classification & Governance Matrix:**

| Director Category                 | Statutory Mandate & Eligibility                                      | Tenure & Rotation Rules                              | Key Governance Responsibility                             |
|-----------------------------------|----------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------|
| Independent Director (Sec 149(6)) | Mandatory 1/3rd of Board for listed companies                        | Max 2 consecutive terms of 5 years each; No rotation | Chairs Audit & Nomination Committees; Impartial oversight |
| Woman Director (Sec 149(1))       | Mandatory 1 Woman Director for listed / public co (≥ 100 Cr capital) | Subject to standard rotation rules                   | Ensures gender diversity in corporate leadership          |
| Managing Director (Sec 2(54))     | Entrusted with substantial powers of management                      | Max 5-year single term per appointment               | Executes day-to-day corporate operations & strategy       |
| Small Shareholders' Director      | Elected by shareholders holding shares ≤ Rs. 20,000 nominal value    | 3-year non-renewable term; Non-rotational            | Protects retail minority shareholder rights               |

**Acing your exams is just a click away!**

Visit [www.degreeelive.in](http://www.degreeelive.in) to download the next module for free.

DegreeLive