

- **Duties of the Directors**

There is no exhaustive list defining the duties of the Board of Directors towards the company and shareholders. But based on the analysis of the provisions of the Companies Act, some general duties of a Director are mentioned following;

Duty to attend board meetings:

The Act only says that the office of a director is automatically vacated if he fails to attend three consecutive meetings of the board or all meetings for a period of 3 months, whichever is longer. Moreover a director's habitual absence may become evidence of negligence.

Duty not to delegate:

A director should not delegate his functions to another person. But delegation of functions may be made to the extent to which it is authorized by the Act or the constitution of the company.

Duty to disclose interest:

Where a director is personally interested in a transaction of the company .He is required to disclose his interest to the board. An interested director is neither to vote on the matter of his interest nor his presence shall count for the purposes of quorum.

Fiduciary duties:

The directors must exercise their powers honestly and bona fide for the benefit of the company as a whole, and not place themselves in a position in which there is a conflict between their duties to the company and their personal interests. They must not make any secret profit out of their position. If they do they have to account for it to the company.

The standard of care, skill and diligence:

Directors should carry out their duties with reasonable care and exercise such degree of skill and diligence as is reasonably expected of persons of their knowledge and status. He is not bound to bring any special qualifications to his office.

The standard of care, skill and diligence depends upon the nature of the company's business and circumstances of the case. They are various standards of the care depending upon, the type and nature of work, division of powers between directors and other officers, general usages and customs in that type of business, and whether directors work gratuitously or remuneratively.

A Director's duties also include the following:

- .To convene Statutory, Annual General Meeting (AGM) and also Extraordinary General Meetings;
- .To prepare and place at the AGM, along with the balance sheet and, profit and loss account, a report on the company's affairs, including the report of the Board of Directors;
- . To authenticate and approve annual financial statement;
- . To appoint first auditor of the company;

- . To appoint cost auditor of the company;
- . To make a declaration of solvency in the case of a Members' voluntary winding up.