

Dr. SNS Rajalakshmi Collage of art's and science (Autonomous)



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COIMBATORE – 641049

Department of commerce with professional accounting

21UCP552 – CORPORATE LAW

Unit 3

**Ms. B Gayathri
Assistant professor**

Professional Accounting (UG)

An illustration of a group of business professionals in a meeting. Several men in suits are leaning over a large, dark wooden conference table. One man in the foreground is looking at a document. In the background, other people are standing and talking. A large window in the background shows a city skyline at sunset. A glass vase with water is on the table in the foreground.

Role & Responsibility Powers and Duties of Directors and Company Secretaries

Corporate Governance | Company Law | Practical Module

LAW & BUSINESS STUDIES

CORPORATE GOVERNANCE

21UCP552 – Corporate Law / Ms. B Gayathri , Assistant professor in
Department of commerce with professional accounting

What We'll Cover Today

A structured walkthrough of the legal and practical dimensions of directorial and secretarial roles – designed for classroom engagement and real-world application.

01

Legal Framework

Statutory basis for directors and secretaries

02

Powers & Duties

Fiduciary duties, statutory obligations, and limits of authority

03

Role of the Company Secretary

Governance, compliance, and board support functions

04

Liability & Accountability

Consequences of breach and real-world enforcement

05

Case Studies & Assignments

Interactive discussions, take-home tasks, and Q&A

Classroom Engagement Activities

1. Quick Poll – 3 min
2. Think - Pair - Share – 3 min
3. Word Cloud Activity – 3 min
4. Reflection – 2 min
5. Group Activity with Outcome

Each topic section includes a built-in engagement activity. Come ready to participate!

Powers & Duties of Directors

Fiduciary Duties

Act in good faith, in the best interest of the company – not personal gain. Includes duty of loyalty and duty to avoid conflicts of interest.

Duty of Care & Skill

Directors must exercise reasonable care, diligence, and the skill expected of a person in their position. Business Judgment Rule applies.

Statutory Duties

Comply with corporate statutes: filing requirements, disclosure obligations, not trading while insolvent, and maintaining proper records.

Executive vs. Non-Executive

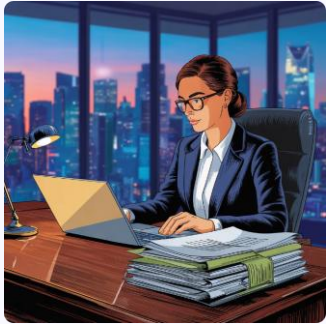
Executive directors manage day-to-day operations. Non-executive directors provide independent oversight and strategic counsel.

Limits of Authority

Directors act within the scope of the company's constitution (articles) and board resolutions. Ultra vires acts may be void.

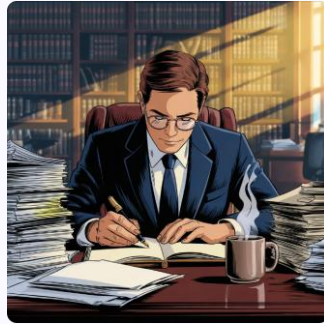
- 📌 ⚡ **Quick Poll (3 min):** "Should a director prioritize shareholders' returns or the long-term sustainability of the company?" – Vote via live poll, then brief class discussion.

Role & Responsibilities of the Company Secretary



Board Support & Minutes

Prepares agendas, records board minutes, maintains statutory registers, and ensures decisions are properly documented.



Statutory Compliance

Files annual returns, updates company records with regulators, and ensures the company meets all statutory deadlines.



Governance Advisory

Advises the board on governance best practices, regulatory changes, and directors' duties – a trusted compliance conscience of the board.

i **🧠 Think-Pair-Share (3 min):** "Is the Company Secretary an officer of the company, an advisor, or both?" – Discuss with a partner, then share your reasoning with the class.

Liability, Accountability & Enforcement



When Directors Face Personal Liability

- **Breach of fiduciary duty** – self-dealing, undisclosed conflicts, or misuse of corporate assets
- **Wrongful trading** – continuing to incur debts when insolvency was foreseeable
- **Fraudulent conduct** – directors may be personally liable for fraudulent misrepresentation
- **Failure to disclose** – material information omitted from filings or shareholders

⚠ Real-World Example: In *Smith v. Van Gorkom (1985)*, Delaware Supreme Court held directors personally liable for approving a merger without adequate information – a landmark case on the Duty of Care.

📄 **Word Cloud Activity (3 min):** Submit one word that describes what "accountability" means to a director. Live word cloud displayed in class – discuss the top 5 words that emerge.

Interactive Case Studies

1

Case 1: The Conflicted Director

A director awards a lucrative contract to a company in which she holds a personal stake, without board disclosure. **Discussion:** Which duties are breached? What remedies are available to the company?

2


Case 2: The Absent Secretary

A company fails to file its annual return for two consecutive years. The secretary claims she was never informed of deadlines. **Discussion:** Who bears responsibility – the board or the secretary?

3

Case 3: Trading While Insolvent

A CEO continues signing purchase orders knowing the company cannot meet its obligations. **Discussion:** What statutory liability arises? What should the board have done differently?

 **Group Activity:** Each group is assigned one case. Identify the breach, applicable law, and recommended board response. Present a 2-minute summary. **Outcome:** Class votes on the most persuasive analysis.

Key Learning Points

What every director, company secretary, and governance professional must carry forward from today's session.



Fiduciary First

Every director owes the company undivided loyalty. Personal interests must always yield to the company's best interests.



Compliance is Non-Negotiable

Statutory duties are not optional. Ignorance of filing deadlines or regulatory requirements is no defense.



Governance Protects Everyone

Good governance – board minutes, disclosures, proper records – protects directors, the company, and its stakeholders.



Judgment Has Consequences

The Business Judgment Rule protects informed decisions, not uninformed ones. Due diligence is a director's shield.

✔ **Reflection (2 min):** Write down one thing you learned today that changed or challenged how you think about the role of a director or company secretary.

Take-Home Assignment & Q&A

Take-Home Assignment



Select a publicly listed company of your choice. Review its latest annual report and identify:

1. How the board discloses directors' conflicts of interest
2. Evidence of the company secretary's compliance function
3. Any noted breach of duty or regulatory action in the past 3 years

Submit a 500-word analysis with references. Due: Next class session.

? Final Q&A – Open Floor

This is your space. No question is too basic – governance clarity saves careers.

-   **Closing Thought:** "The boardroom is not just a place of power – it is a place of responsibility. Govern wisely."

→ What aspects of directors' duties are you still unclear on?

→ What surprised you most about the company secretary's role?

→ How would you advise a first-time director entering the boardroom?