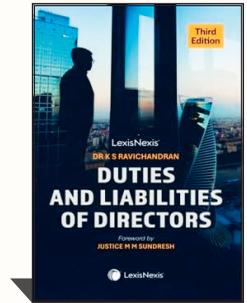




Duties and Liabilities of Directors

Author	Dr. K. S. Ravichandran
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INTRODUCTION

The evolving corporate environment in India necessitates robust governance and accountable leadership from the Board. The Board of Directors holds both legal and strategic duties to safeguard the interests of the company, its shareholders, and other stakeholders. Directors can encounter substantial risks and often carry personal liability that exceeds their legal responsibilities for the success of their companies. This situation is particularly relevant for small and medium enterprises, where directors, often being friends or family members, commit all their resources to the business.

Directors hold a crucial position as they drive the company's policies, programs, and strategies to achieve growth. Continuous technology advancements and upgradation, cultural shifts, digitisation and process automation has posed a challenge for directors to build an ecosystem of ethical conduct and transparency in disclosures. Hence the endeavour is to develop proactive solutions to comply with regulations and satisfy the aspirations of investors, shareholders and other stakeholders who are directly or indirectly involved in the company decisions.

Directors need to enhance their competencies and skills by letting go of outdated practices and embracing new knowledge. For directors of listed companies, there is a greater obligation for compliance, transparency, disclosures, and adherence to elevated corporate governance standards in line with regulatory requirements. They strive diligently to meet the expectations of investors and shareholders while taking on the challenge of advancing their business in a fiercely competitive environment.

DETAILED REVIEW

Beginning with the discussion on 'Duties of Directors' explicates statutory and fiduciary duties of Directors, in Chapter 1, the book goes on to provide practical insights on 'Independent Directors and their Special Duties' in Chapter 2. Chapter 3 deals with the 'Collective Responsibilities of the Board of Directors', majorly covering their corporate powers and analysis of Governance design constituents. 'Liabilities of Directors' is enumerated in Chapter 4. Categories of liabilities, arising from conduct, levy of monetary penalties, dishonour of cheques, criminal cases, winding up, corporate insolvency and contractual liabilities are discussed in detail. The legal provisions on frauds provide practical insights to readers. Chapter 5 on 'The lessons and learnings for Directors', especially serve as a useful learning for readers who are aspiring to become directors. The chapter 6 on, 'Types of Directors, Appointment and Cessation of Directors', explicates the corporate practices and the various provisions under The Companies Act, 2013 and SEBI (LODR) that recognises types of directors, manner of retirement of directors, and the appointment & qualification of independent directors. The chapter on 'Most Frequently Asked Questions', is meaningfully divided into four sub-topics covering 108 questions on Directorships and Remuneration, Composition of Board of Directors, Governance and Board Process and Liabilities fostering application oriented learning. The book concludes with a detailed subject index arranged alphabetically.

CONCLUSION

In this book, selected case laws are examined to explore the legal provisions in greater depth, focusing on the practical aspects of the responsibilities and liabilities of Directors. The book provides a global perspective to highlight international issues related to the subject. This book is a thoughtfully curated contemplation, shaped by personal experience, interactions, and a deep gratitude for the fiduciary principles that nurture Corporate Stewardship. It aims to be both a practical resource and an academic reference for directors, professionals, scholars, educators, and students. Citing of some important words and expressions as they appear in the book gives ease of reference for readers.