

shareholders of the Financial Corporation, ninety days before the date of the meeting in which such election takes place on the following basis, namely:—

- (i) where the total amount of issued equity share capital held by such shareholders is ten per cent. or less of the total issued equity capital, two directors;
 - (ii) where the total amount of issued equity share capital held by such shareholders is more than ten per cent. but less than twenty-five per cent. of total issued equity capital, three directors;
 - (iii) where the total amount of issued equity share capital held by such shareholders is twenty-five per cent. or more of total issued equity capital, four directors; and
 - (iv) where the total amount of issued equity share capital held by equity shareholders referred to in this clause does not permit election of all the four directors, the Board shall co-opt such number of directors as is required to make up the said number who shall retire in equal number on the assumption of charge by the elected directors in the order of their co-option;
- (f) a managing director appointed in accordance with the provisions of sub-section (1) of section 17:

Provided that on the first constitution of the Board, the directors referred to in clause (d) shall be nominated by the State Government and directors so nominated shall, for the purpose of this Act, be deemed to be elected directors:

Provided further that all the directors of the Board first constituted, other than the managing director, shall retire at the end of the first year.]

¹[***]

²[11. Term of office and retirement of directors.—(1) A nominated director shall hold office during the pleasure of the authority nominating him.

(2) Subject to the provisions of sub-section (1), a nominated director shall hold office for such term not exceeding three years and shall also be eligible for re-nomination:

Provided that no such director shall hold office continuously for a period exceeding six years.

(3) An elected director other than a director deemed to be elected under the first proviso to clause (d) of section 10 shall hold office for three years and shall also be eligible for re-election:

Provided that no such director shall hold office continuously for a period exceeding six years.

1. Section 10A ins by Act 43 of 1985, sec. 10 (w.e.f. 21-8-1985), and omitted by Act 39 of 2000, sec. 8 (w.e.f. 5-9-2000).

2. Subs. by Act 39 of 2000, sec. 9, for sections 11 and 12 (w.e.f. 5-9-2000).

12. Disqualifications for being a director.—No person shall be a director, he—

- (a) has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force; or
- (b) is or at any time has been, adjudicated as insolvent or has suspended payment of his debts or has compounded with his creditors; or
- (c) has been convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment of not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; or
- (d) is elected by the persons referred to in clause (d) of sub-section (3) of section 4 but not registered as shareholder in his own right of unencumbered shares of a nominal value of not less than ten thousand rupees in the Financial Corporation; or
- (e) has not paid any call in respect of shares of the Financial Corporation held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call.]

13. Removal of director from office.—¹[(1)] The State Government may remove from office any director who—

- (a) is, or has become, subject to any of the disqualifications mentioned in section 12; or
- (b) without excuse sufficient in the opinion of the State Government to exonerate it, is absent without leave of the Board from more than three consecutive meetings of the Board.

²[(2) The shareholders, other than those mentioned in clauses (a), (b) and (c) of sub-section (3) of section 4, whose names are entered on the register of shareholders may, after giving to the director a reasonable opportunity of being heard in the manner as may be prescribed, by resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one-half of the total issued equity share capital held by all such shareholders, remove any director elected under clause (d) of section 10 and elect in his place another person to fill the vacancy so caused.]

14. Resignation of office by director and filling up of casual vacancies.—³[(1) Any director elected under clause (d) of section 10 may, by giving notice in writing to the Chairman of the Board, resign from his office and on such resignation being accepted, shall be deemed to have vacated his office.]

(2) A casual vacancy in the office of an elected director shall be filled by election and a director so elected shall hold office for the unexpired portion of the term of his predecessor.

1. Section 13 renumbered as sub-section (1) thereof by Act 39 of 2000, sec. 10 (w.e.f. 5-9-2000).

2. Ins. by Act 39 of 2000, sec. 10 (w.e.f. 5-9-2000).

3. Subs. by Act 39 of 2000, sec. 11, for sub-sections (1) and (1A) (w.e.f. 5-9-2000). Sub-section (1A) was ins. by Act 56 of 1956, sec. 8 (w.e.f. 1-10-1956).