

PROCEDURE FOR APPOINTMENT OF A PERSON OTHER THAN A RETIRING DIRECTOR AS DIRECTOR IN GENERAL MEETING

14

{Section 160 of the Companies Act, 2013}

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Relevant Sections, Rules and Forms at a Glance

Particulars	Section(s), Rule(s) and Name of e-Form(s)
The Companies Act, 2013	Sections 117, 118, 149, 152, 153, 154, 158, 159, 160, 161, 164, 165, 170, 173 and 403
The Companies (Incorporation) Rules, 2014	Rule 25A
The Companies (Appointment and Qualification of Directors) Rules, 2014	Rules 8, 9, 10, 14, 17 and 18
The Companies (Meetings of Board and its Powers) Rules, 2014	Rules 9, 15 and 16
The Companies (Management and Administration) Rules, 2014	Rule 24
The Companies (Registration Offices and Fees) Rules, 2014	Rules 7, 8 and 12
Secretarial Standard-1 of ICSI	Clauses 3, 4, 5, 6, 7 and 8
Secretarial Standard-2 of ICSI	Clauses 1, 3, 4, 5, 6, 7 and 17
e-Forms to be filed	DIR-12 MGT-14
Forms to be filed as an attachment with respective form	DIR-2

Significant Relevant Approvals and Requirements

- ❖ Special notice from appointee person/requisite member
- ❖ DIN of the concerned person
- ❖ Consent to act as director in Form DIR-2
- ❖ Intimation of eligibility regarding non-disqualification in Form DIR-8
- ❖ Nomination and remuneration committee resolution/recommendation
- ❖ Board Resolution

- ❖ Ordinary Resolution
- ❖ Newspaper advertisement, if needed

14.1 PROCEDURE WITH CHECK POINTS

S. No.	Particulars
1.	<p>Ensure that-</p> <ul style="list-style-type: none"> • the company has received a special notice from (a) a person who wishes to get appointed or, (b) by a member proposing his/her directorship, at the general meeting, at least 14 days before the date of general meeting and the aforesaid person has deposited Rs. 1,00,000/- (one lakh) along with such notice except in cases: <ul style="list-style-type: none"> - the aforesaid person to be appointed as an independent director, or - the aforesaid person is recommended by nomination and remuneration committee or by the board, if no nomination and remuneration committee is constituted. {Section 160(1) of the Act} • the person proposed to be appointed as a director in a company, other than a company registered under Section 8 (non-profit company) of the Companies Act, 2013 {Section 165(1) of the Act}: <ul style="list-style-type: none"> - shall not hold office as a director including any alternate directorship in more than 20 companies excluding directorship in dormant companies; - shall not hold office in more than 10 public companies including the private companies which are holding or subsidiary of public companies; - shall not be appointed if such person was associated with the company as a small shareholder's director during a period of 3 years prior to his appointment. • the person has a valid Directors Identification Number (DIN), and if not having DIN, make arrangements for Digital Signature Certificate (DSC) and DIN of the person to be appointed as a director {Section 152(3) of the Act}. • a person, who is intended to be appointed, shall not be eligible for appointment, if he/she has any disqualification for appointment under section 164 of the Act {Section 164 of the Act}. • the company is incorporated before 1st January, 2018 and the status of the company is 'ACTIVE COMPLIANT COMPANY' otherwise the Registrar shall not accept and take on record the e-Form DIR-12 which is required to be filed in case of change in director. (Fourth Proviso of Rule 25A of the Companies (Incorporation) Rules, 2014}, and if the status of the company is 'ACTIVE NON-COMPLIANT', then first complete the formalities of filing of e-FORM INC-22A as per rule 25A of the Companies (Incorporation) Rules, 2014.
2.	<p>Obtain consent in writing, on or before appointment, from the appointee director to act as director in Form DIR-2 and an intimation in writing, on or before appointment, by the appointee director in Form DIR-8 confirming that he/she is not disqualified to act as a director under Section 164 of the Companies Act, 2013 {Section 152(5) and Section 164 of the Act }.</p>

S. No.	Particulars
	<p>The subscribers, who are individuals in the Memorandum of Association (MOA) shall be deemed as first directors until the directors are duly appointed by the members in accordance with Section 152 of the Companies Act, 2013 and rules made thereunder (Section 152 of the Act).</p> <ul style="list-style-type: none"> • Not the person intended/proposed to be appointed a director of a company has a valid Director Identification Number (DIN) under section 174 or any other number as may be prescribed under section 174 of the Companies Act, 2013, however, in case of first directors of a new company, the DIN up to 3 (three) persons can be obtained through incorporation with integrated form SPICe+ (INC-32) (Section 152 of the Act read with rule 152 of the Companies Incorporation Rules, 2014). • Not a total number of directors, at least one director has stayed in India for a total period of not less than 182 days during the financial year. Provided that in case of newly incorporated company, residential status shall be determined proportionately. However, it is not required in case the director is appointed by the Central Government or State Government (Section 152 of the Act). • A person, who is intended to be appointed, shall not be eligible for appointment, if he/she has any disqualification for appointment under section 164 of the Act (Section 164 of the Act read with companies provisions a government company and regulations in COA 2012 about COA 2012). • A person proposed to be appointed as a director in a company other than a company registered under Section 8 (non-profit company) of the Companies Act, 2013 (Section 152 of the Act) <ul style="list-style-type: none"> - shall not hold office as a director including any alternate directorship in more than 20 companies including directorship in dormant companies. - shall not hold office in more than 10 public companies including the private companies which are holding or subsidiary of public companies.
2.	In case of one person company, an individual being sole member is deemed to be the first director of the company, if the articles of association has not mentioned the names of first directors (Section 152 of the Act).
3.	Forms created in writing, on or before appointment, from the appointed director to act as director in the company as Form DIR-2 (Part 7 of the Companies Incorporation and Qualification of Directors Rules, 2014).
4.	Forms an certificate in writing, on or before appointment, from the appointed director as Form DIR-3 regarding that he/she is not disqualified under Section 164 of Companies Act, 2013, to act as a Director (Section 164 of the Act read with rule 17 of the Companies Incorporation and Qualification of Directors Rules, 2014).
5.	The particulars of first directors to be integrated with Form SPICe+ (INC-32) at the time of incorporation of company.

For the detailed procedure, please refer Company Law Procedures & Compliances by Dr. Sanjeev Gupta, 2nd edn, 2021. You can buy from your bookseller or online at www.bharatlaws.com

[COMPANY LAW Procedures & Compliances \(in 2 vols.\)](#)