

## **CHECKLIST FOR APPOINTMENT OF MANAGING DIRECTOR**

The following are the steps involved in appointment of Mr. A as Managing Director in a Company who is not an Managing Director in any other Company:

- 1- Convene Board Meeting, appoint Mr. A as Additional Director and pass resolution for appointment as Managing Director (sample of resolution specified hereunder) and fix date and approve notice of General Meeting for passing ordinary resolution or special resolution, as the case may be (explained hereunder)
- 2- File Form 32 for app. as Additional Director (with his consent in case of public Company)
- 3- Issue notice along with explanatory statement (sample of exp. St. specified hereunder) at least 21 days before the Extra-Ordinary General Meeting/Annual General Meeting
- 4- Hold the General Meeting and appoint Mr. A as Director u/s 257 and appoint him as Managing Director by ordinary resolution (sample specified hereunder).
- 5- If the prospective Managing Director is of < 25 yrs. of age but > 18 yrs. or > 70 yrs. of age then appointment has to be approved by Special Resolution in General Meeting.
- 6- Ensure that appointment is in accordance with the provisions of Schedule XIII to the Companies Act, 1956 otherwise Central Government approval is required by making an application in Form 25A.
- 7- File Form 23 within 30 days of passing resolution for appointment even if ordinary resolution is passed (See Section 192)
- 8- File Form 32 within 30 days of app. for change in designation from Additional Director to Managing Director.
- 9- File Form 25C within 90 days of appointment
- 10- Make necessary entries in the Register of Directors

**Compiled by:  
CA. SANAT PYNE**

## **NECESSARY RESOLUTIONS:**

### **1- Board Resolutions –**

#### **a- For Appointment as Additional Director:**

“RESOLVED THAT pursuant to section 260 of the Companies Act, 1956 and other applicable provisions of the Act and Article \_\_\_\_\_ of Article of Association of the Company Mr. A be and is hereby appointed as Additional Director of the Company to hold the office up to next Annual General Meeting and be eligible for reappointment at next Annual General Meeting.

Resolved Further That necessary Return in the office of the Registrar of Companies be filed to intimate the above appointment.”

#### **b- For Appointment as Managing Director :**

“RESOLVED THAT pursuant to provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and sub to provisions of Sections 198, 309, 314 and other applicable provisions, if any of the Companies Act, 1956 and further subject to approval of shareholders, sanction be and is hereby accorded to the re-appointment of Mr. A as Managing Director of the Company for a period of 1 (one) year with effect from 1st April, \_\_\_\_\_ and to the payment of the following remuneration:

- |                                          |             |
|------------------------------------------|-------------|
| a) Salary Basic                          | Rs _____ PM |
| b) Conveyance on actuals upto a limit of | Rs _____ PM |
| c) House Rent                            | Rs _____ PM |

Resolved Further That in the event of loss or inadequacy of profits during the tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.”

### **2- Explanatory Statement (Forming Annexure to Notice)**

The Board, subject to the approval of shareholders in the General Meeting, appointed Mr. A as Managing Director of the Company effective 1<sup>st</sup> April \_\_\_\_\_, for a period of one year on terms and conditions set out in the Resolution. He is a partner of \_\_\_\_\_, an associate concern of the Company and Director in \_\_\_\_\_ Ltd.

The remuneration as set out in the resolution is in accordance with the provisions of Schedule XIII to the Companies act, 1956.

The Board recommends the resolution for approval of Members.

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None of the Directors, except Mr. A is concerned or interested in the resolution.

**3- General Meeting Resolutions:**

**a- For Appointment of Mr. A as Director u/s 257:**

**RESOLVED THAT** Shri Rajesh Kumar Bansal be and is hereby appointed as a Director of the Company pursuant to the provisions of Section 257 (1) of the Companies Act, 1956.

**b- For Appointment of Mr. A as Managing Director:**

“RESOLVED THAT pursuant to provisions of section 269 read with Schedule XIII of the Companies Act, 1956 and subject to provisions of Section 198, 309, 314 and other applicable provisions, if any, of the companies Act, 1956, approval of the members of the Company be and is hereby accorded to the appointment of Mr. A, R/o \_\_\_\_\_ as Managing Director of the Company for a period of 1 (one) year with effect from 1<sup>st</sup> April, \_\_\_\_\_ and to the payment of the following remuneration:-

- a.) Salary Basic - Rs. \_\_\_\_\_ p.m.
- b.) Conveyance on actuals upto a limit of Rs. \_\_\_\_\_ p.m.
- c.) House Rent Rs. \_\_\_\_\_ p.m.

Resolved Further That in the event of loss or inadequacy of profits during the tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.”

**4- Explanatory Statement (Forming Annexure to Notice)**

The Board, subject to the approval of shareholders in the General Meeting, appointed Mr. A as Managing Director of the Company effective 1<sup>st</sup> April \_\_\_\_\_, for a period of one year on terms and conditions set out in the Resolution. He is a partner of \_\_\_\_\_, an associate concern of the Company and Director in \_\_\_\_\_ Ltd.

The remuneration as set out in the resolution is in accordance with the provisions of Schedule XIII to the Companies act, 1956.

The Board recommends the resolution for approval of Members.

None of the Directors, except Mr. A is concerned or interested in the resolution.

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