



# PROCEDURE FOR APPOINTMENT OF DIRECTOR



## BACKGROUND

The purpose of this presentation is to highlight the brief procedure for the appointment of Director as per the relevant sections of Companies Act, 2013.



## BACKGROUND

The management of a Company lies in the hands of its Board of Directors who participate in the day to day affairs of the Company. A Company is a legal entity and does not have any physical existence. It can act only through natural persons to run its affairs. The person, acting on its behalf, is called “Director”. A Director is any person, occupying the position of Director, by whatever name called.

# Options for appointment of director

## ADDITIONAL DIRECTOR

To appoint an individual as “Additional Director” in a board meeting where minimum 2 directors of the Company are required to be present. The appointment as additional director shall be valid till the ensuing Annual General Meeting (‘AGM’) after which he/she can be appointed as Director. Fresh Form for his designation change from “Additional Director” to “Director” shall be filed within 30 days from the date of AGM.

As far as the roles/powers are concerned, both additional director and director have same roles and powers.

## DIRECTOR

To appoint an individual as “Director” in Extra-Ordinary General Meeting (“EGM”) where minimum 2 shareholders of the Company are required to be present. Further, for holding EGM, time gap between Board Meeting and EGM shall be 21 days or it can be held at shorter notice in case consent from existing shareholders (shareholder holding more than 95% stake) is obtained.

As far as the roles/powers are concerned, both additional director and director have same roles and powers.





# PROCEDURE FOR APPOINTMENT OF ADDITIONAL DIRECTOR

# Steps for appointment of additional director

- Step 1**      *The first step is to convene a Board Meeting of the Board of the Directors (“BOD”) of the Company to obtain approval for the procurement of DIN of proposed director.*
- Step 2**      *The next step is to obtain Digital Signature Certificate (“DSC”) and Director Identification Number (“DIN”) of new proposed director.*
- Step 3**      *Once the DIN is allotted, consent to become director needs to be signed by the proposed director in the prescribed format.*
- Step 4**      *Board Meeting needs to be convened of the BOD again to obtain approval for the said appointment and letter of appointment needs to be given by the Company.*
- Step 5**      *Prescribed e-form is required to be filed by the Company with Registrar of Companies (“ROC”) for the appointment within 30 days of Board Meeting.*

***In case the proposed new director is a non resident/foreigner, all the documents shall be notarized and apostilled.***





# PROCEDURE FOR APPOINTMENT OF DIRECTOR

# Steps for appointment of director

- Step 1**      *The first step is to convene a Board Meeting of the Board of the Directors (“BOD”) of the Company to obtain approval for the procurement of DIN of proposed director.*
- Step 2**      *The next step is to obtain Digital Signature Certificate (“DSC”) and Director Identification Number (“DIN”) of new proposed director.*
- Step 3**      *Once the DIN is allotted, consent to become director needs to be signed by the proposed director in the prescribed format.*
- Step 4**      *Convene Board Meeting again to obtain approval for calling of EGM for the said appointment of director*
- Step 5**      *21 clear days notice of the EGM needs to be given to the shareholders or the same can be convened at shorter notice.*





# Steps for appointment of director

**Step 6** *Convene EGM to obtain approval from shareholders for the appointment of director and letter of appointment needs to be given by the Company.*

**Step 7** *Prescribed e-form is required to be filed by the Company with Registrar of Companies (“ROC”) for the appointment within 30 days of Board Meeting.*

***In case the proposed new director is a non resident/foreigner, all the documents shall be notarized and apostilled.***



# **Setting up a business in India might seem like a hassle to someone who's unaware about the country's rules and regulations. But that's where we come in to help you.**

At Coinmen, our aim is to provide financial expertise to help set up your business and provide profound advisory for its growth. This presentation is put together by our team to ensure that you're prepared well in advance before setting up a business in India and can navigate swiftly through the required compliances.

## **Disclaimer**

This publication does not constitute as professional advice. The information in this publication has been obtained or derived from sources believed by Coinmen Consultants LLP (Coinmen) to be reliable but Coinmen does not represent that this information is accurate or complete. Any opinions or estimates contained in this publication represent the judgment of Coinmen at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. Coinmen neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take. The presentation contains amendments as proposed in the Income tax Return Forms by Central Board of Direct Taxes ('CBDT') through notification amending Income tax Rules, 1962 dated 1<sup>st</sup> April 2019.