

Companies Act, 1956

Section 316 - Number of Companies of Which One Person May Be Appointed Managing Director

(1)¹[No public company and no private company which is a subsidiary of a public company] shall, after the commencement of this Act, appoint or employ any person as managing director, if he is either the managing director or the manager of²[any other company (including a private company which is not a subsidiary of a public company)], except as provided in sub-section (2).

(2)³[A public company or a private company which is a subsidiary of a public company] may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one,⁴[other company (including a private company which is not a subsidiary of a public company)] :

Provided that such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.

(3) Where, at the commencement of this Act, any person is holding the office either of managing director or of manager in more than⁵[two companies of which each one or at least one is a public company or a private company which is a subsidiary of a public company], he shall, within one year from the commencement of⁶[the Companies (Amendment) Act, 1960, choose not more than two of those companies as companies in which he wishes to continue to hold the office of managing director or manager, as the case may be; and the provisions of clauses (b) and (c) of sub-section (1) and of sub-sections (2) and (3) of section 276 shall apply mutatis mutandis in relation to this case, as those provisions apply in relation to the case of director.

(4) Notwithstanding anything contained in sub-sections (1) to (3), the Central Government may, by order, permit any person to be appointed as a managing director of more than two companies if the Central Government is satisfied that it is necessary that the companies should, for their proper working, function as a single unit and have a common managing director.

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1. Substituted by Act 65 of 1960, Section 118, for "No company" (w.e.f. 28-12-1960).
 2. Substituted by Act 65 of 1960, Section 118, for "any other company" (w.e.f. 28-12-1960).
 3. Substituted by Act 65 of 1960, Section 118, for "A company" (w.e.f. 28-12-1960).
 4. Substituted by Act 65 of 1960, Section 118, for "other company" (w.e.f. 28-12-1960).
 5. Substituted by Act 65 of 1960, Section 118, for "two companies" (w.e.f. 28-12-1960).
 6. Substituted by Act 65 of 1960, Section 118, for "this Act" (w.e.f. 28-12-1960).
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