Instances have come to the notice of the Department where companies have designated executives who are not members of the Board as special director, director administration, etc. Such designations give an impression to public at large and those dealing with these companies and the executives that they are full-fledged directors entitled to act as such on behalf of the companies. If in fact these executives are not directors on the board of the companies, it will be patently wrong on the part of companies to designate them as directors.

The Department is therefore constrained to advise companies to desist from giving such designations to their executives which tend to mislead.

I am directed to request you to bring this to the notice of all your constituents/members for information and compliance. The action taken on this communication may kindly be intimated to this Department.

I am directed to refer to this Department’s Circular No.1/1/82-CL-V dated 20.1.1983 addressed to all Chambers of Commerce, and to say that many companies are still designating their executives, who are not members of the board of directors, as special directors, etc.

2. You are, therefore, requested once again to ensure that your constituents/members do not use such designations, as such designations mislead the members of the public.