



How to Remove a Director from a Company in Nigeria

Description

Understanding the Role of a Director

According to Sections 272 and 273 of the Companies and Allied Matters Act (CAMA) 2020, a Director is an individual appointed by a company to oversee and manage its business, either in an executive or non-executive capacity.

- **Executive Directors:** Have contracts of employment with the company and typically receive fixed salaries.
- **Non-Executive Directors:** Do not have employment contracts with the company and are usually compensated through agreed fees determined at the annual general meeting.

The Process for Removing a Director

Removing a Director from a company is a serious decision that must be handled carefully to avoid legal complications. Here is a simplified guide on how to legally remove a Director in Nigeria:

1. Consult the Company's Articles of Association

- Start by reviewing the company's [Articles of Association](#). This document outlines the rules governing the company, including any specific procedures for removing a

Director.

- Also, check the Director's service contract to understand the terms and conditions related to their removal.

2. Issue a Special Notice

- Shareholders seeking the removal of a Director must issue a special notice to the company. This notice must be given 28 days before the proposed removal and must be supported by a quorum, typically a two-thirds majority of the shareholders.
- The company secretary must acknowledge receipt of this notice, which can later serve as evidence if the matter proceeds to court.

3. Notify the Director

- The company secretary is responsible for notifying the Director of the removal proceedings.
- Additionally, a notice of the meeting where the Director's fate will be decided should be published in two daily newspapers, with a minimum of 21 days' notice before the meeting.

4. Allow the Director to Defend Themselves

- The Director has the right to challenge their removal. If they choose to do so, they must notify the company secretary in writing.
- The Director should be given an opportunity to present their case during the meeting. Failing to do so may render the removal process invalid.

5. Vote on the Removal

- After hearing the Director's defense, the shareholders will vote on whether to remove the Director. The removal typically requires a two-thirds or three-quarters majority vote, depending on the company's Articles of Association.

6. File the Necessary Documents

- If the decision is made to remove the Director, the company secretary must complete and file a form (Particulars of Change in Directorship) with the Corporate Affairs

Commission (CAC) within 14 days.

- The resolution for the Director's removal, signed by two Directors, and updated records of the company's Directors must be included in this filing.

7. Update the Register of Directors

- The [Register of Directors](#) and Secretaries at the company's registered office must be updated to reflect the change.

Conclusion

Removing a Director is a critical action that should be carried out with strict adherence to legal procedures to protect the company and its shareholders. Understanding the correct process and ensuring all steps are followed is essential to avoid any potential legal challenges.

In Nigeria, the role of a Director is vital to a company's success, but when removal becomes necessary for the company's growth, it must be executed legally and effectively.

By following the outlined steps, companies can ensure a smooth and legally compliant process for removing a Director.

For more information on the above topic, please call 08180524686 or send an email to info@ica.ng

Category

1. Corporate Matters