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*Section 84 read with Companies
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23**Annual Accounts and Directors' Report***Section 209***COMPANY'S BOOKS OF ACCOUNT**

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 318 How many directors should retire by rotation from a Board having five directors, of which one is an ex officio director? Is it correct to make two directors to retire at the AGM? 290

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- 320 Additional directors and directors appointed to fill casual vacancy are not retiring director and hence they have to comply with the provisions of section 257(1) & 264(1) and (2). 291
- 321 Where a person is not elected as a director, deposit amount made by him or the other member, as the case may be, would stand forfeited. 291
- 322 Amendment of articles in contravention of sections 255, 256 and 257 is invalid under section 9. 291

*Section 260***ADDITIONAL DIRECTORS**

- 323 Additional directors appointed by the Board of directors ceases to hold office immediately before the commencement of the next AGM of the company. 292
- 324 Additional director appointed by the Board of directors is not a director retiring by rotation and hence provisions of section 257 is to be complied with. 292
- 325 Additional director, if also a managing director, when re-elected as full-fledged director at the AGM, continues as a managing director also. 293

*Section 262***CASUAL VACANCIES AMONG DIRECTORS**

- 326 When a casual vacancy is filled by the Board and the person appointed to such vacancy also vacates by resignation, the resulting vacancy is not a casual vacancy. However, if the casual vacancy is in an office which was filled by election at a general meeting, there would be no objection to the Board of director filling that casual vacancy as many times as may be necessary. 293
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Section 269

**GOVERNMENT APPROVAL FOR APPOINTMENT/
RE-APPOINTMENT OF MANAGING/WHOLE-TIME DIRECTORS**

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333	A person initially appointed as additional/alternate director can continue as managing director/whole-time director till he is a director.	296
334	Criteria for granting approval to the appointment of persons, who are directly or indirectly interested in the sole selling agents, as managing/whole-time directors. ..	297
335	While filing the return in Form No 25C within 90 days from the date of appointment of managerial personnel, a copy of the resolution passed by the Board and/or shareholders in the general meeting is required to be enclosed with the return. The said resolution in the general meeting can be passed even after the expiry of 90 days and need not be filed with the return, so long as the resolution passed by the board is enclosed with the said return.	297
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337	Filing of Form No. 25C belatedly would attract section 611 of the Act.	298

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DISQUALIFICATIONS OF DIRECTORS

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340	Special directors appointed under section 16(4) of SICA shall not be liable to be disqualified under section 274(1)(g) of the Companies Act, 1956	299
341	Nominee directors of public financial institutions and companies like IDBI, LIC, UTI, etc. are exempted from the disqualification by virtue of section 274(1)(g).	299

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VACATION OF OFFICE BY DIRECTORS

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Board Meetings

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**BOARD TO MEET AT LEAST ONCE IN
EVERY THREE CALENDAR MONTHS**

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344	Secretarial Standard on meeting of the Board of directors issued by the Institute of company Secretaries of India.	301

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*Section 292***POWERS TO BE EXERCISED BY BOARD ONLY AT MEETING**

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- 351 Where contributions to charity is in the form of shares instead of cash, compliance of section 293(1)(e) is not obligatory, provided amount represented by the shares so donated does not exceed the limit laid down therein. 315
- 352 Contribution to National Defence Fund need not be taken into account, while calculating the limit specified in section 293(1)(e) 316

*Section 293A***PROHIBITION ON POLITICAL CONTRIBUTIONS**

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Sole Selling Agents

Section 294

APPOINTMENT OF SOLE SELLING AGENTS

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357	Practices adopted in order to circumvent the provisions of section 294.	319
358	The sole selling agency agreement which does not incorporate the condition prescribed in sub-section (2) of section 294 will be void ab initio, and will continue to remain so even if it is approved in the first general meeting after such appointment.	321

Section 294AA

POWER OF CENTRAL GOVERNMENT TO PROHIBIT APPOINTMENT OF SOLE SELLING AGENTS IN CERTAIN INDUSTRIES

359	Approval of shareholders once taken under section 294 is not required again before applying to the Central Government under section 294AA.	322
360	Sole selling agents shall not be appointed by any company for the sale of sugar and vanaspati in India for a further period of two years effective from 21st December, 2000.	322
361	Appointment not to be made in cement and paper in terms of the section for a further period of two years effective from 18th September, 2000.	322
362	Prohibition on appointment of sole selling agents for sale of every category of 'bulk drug', 'drugs' and 'formulations' as defined in the Drugs (Prices Control) Order, 1995.	323
363	Where provisions of the section are not applicable to the appointment of sole selling agents at the time of entering of agreement with them, it will not be obligatory for the company to comply with the said provisions for the continuance of appointment for the remaining duration of their current tenure.	323
364	Provision of sub-section (3), if not applicable at the time of appointment, will also not apply if there is a subsequently applicability of the section at the later stage due to increase in capital.	324
365	Guidelines for filing statutory applications under section 294AA of the Companies Act, 1956.	324

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Loans to Directors

Section 295

366	Loan to managing/whole-time directors can be given without any limit if it is as per company's policy applicable to its officers/employees.	325
367	Criteria followed by Government in considering applications for approval under section 295.	325

368	Compliance of section 295 or section 370 as the case may be would not be required if such loans, guarantees or securities are continued after the exemption under section 295(2) or section 370(2), as the case may be, ceased to exist.	326
369	Director standing surety for an outsider against whom prosecution was launched is ultra vires the company and he may be held personally liable for having acted outside the scope of company's authority.	326
370	Unusual instances relating to loans made by the company to concerns in which directors are interested	326
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Director's Interest in Contracts and its Disclosure

Section 297

CONTRACTS IN WHICH DIRECTORS ARE INTERESTED

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373	The presumption that proviso to section 297(1) is relevant only in respect of those cases for which approval of the Board is necessary, is not correct.	332
374	Where facts and circumstances of a case require approval of the Central Government under section 269 or section 314(1B) or section 294AA and also under section 297, approval under section 269, section 314(1B) or section 294AA would be enough and no separate approval under section 297 is necessary.	332
375	Central Government's power under proviso to section 297(1) to approve contracts in which directors are interested in the case of a company having paid-up capital of Rs. 1 crore and above, is now delegated to Regional Directors.	332
376	Where directors may not know all their relatives, in such a case law should be enforced with discretion.	333
377	(a) Provisions of section 297 would not be applicable to contracts entered into by companies with dealer on principal to principal basis (b) The limit of Rs. 5,000 in sub-section (2) of section 297 applies to the aggregate of transactions over a calendar year as between two parties contracting	333
378	The applicability of limit of Rs. 5000 specified in proviso to clause (b) of section 297(2)	333
379	A cheque may be treated as equivalent of cash payment for the purpose of exemption under section 297(2)(a).	334

Section 299

DISCLOSURE OF INTEREST BY DIRECTOR

380	Section 299 is wider in scope than section 297.	334
381	Section 299 applies to directors nominated by the Government.	334
382	Interpretation of the expression 'interest' occurring in section 299(1).	334

383	Director/trustee is required to make disclosure of interest as long as they continue as the registered holder of shares in the register of members of the company.	335
384	A director cannot be prosecuted under section 299(4) for non-compliance of sub-sections (1) and (2) when he has given general notice in terms of sub-section (3), provided the general notice covers the relevant contract in question.	336
385	For the computation of collective interest of 2 per cent under section 299(6), it is suggested that the directors should disclose their interest at the time of considering specific contract by the Board at the meeting itself.	336
386	The point of time for determining limit of 2 per cent holding in the paid-up share capital by one or more directors as contemplated under section 299(6) is to be verified on the date of contract.	337
387	It is the collective responsibility of the directors to see that the requirement of section 299(6) are duly complied with.	337

Section 300

**INTERESTED DIRECTOR NOT TO PARTICIPATE OR VOTE
IN PROCEEDINGS OF BOARD'S MEETING**

388	A director should not vote on a board resolution purporting to appoint a relative of such a director or additional director of a company.	338
389	Any resolution of the Board in regard to the fixation of or increase in the directors fee should be subject to the approval of the company in general meeting and the provisions of section 300(1) would not be attracted.	338

Section 301

**REGISTER OF CONTRACTS IN WHICH
DIRECTORS ARE INTERESTED**

390	Sub-section (1) applies to all contracts or arrangements of which general notice has been given by director under section 297 or 299.	339
391	Register of contracts has to be maintained, if the requirement of section 297 is attracted, even though the requirement of section 299 is not applicable.	339
392	For the compliance of sections 297 and 299, contracts are to be brought before the Board and the relevant details to be entered in the register.	339
393	Where the Board meetings at which the register of contracts has to be placed cannot be held at the registered office, it would be sufficient compliance with sub-section (5) if company gives adequate notice to its shareholders regarding inspection of register at the registered office of the company.	340

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Register of Directors and Their Shareholdings

Section 303

REGISTER OF DIRECTORS

394	A company can maintain register of directors in the loose-leaf form provided it takes all possible safeguards.	341
395	Any member of the Board of trustees of the Unit Trust of India and State Bank of India is to be regarded as a director of a body corporate for the purposes of section 303.	341

396	An additional director or a director appointed in casual vacancy in the annual general meeting would amount to 'change' and such change should be notified to the Registrar of Companies.	341
397	A company is not required to send to the Registrar of Companies return containing the particulars of its subscribers of memorandum.	342
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