

SECTION 314 HOLDING OFFICE OR PLACE OF PROFIT

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POINTS COMPILED

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MEANING

- Director receives anything except in capacity of the director.
- Relative of any director appointed to hold a position and draws anything in the capacity of his appointment in the Company



OBJECT

- To prevent a director from being Placed in the inconsistent position of being both master and servant .
- Appointment of directors or their relatives or firms or companies in which directors are interested to hold the office or place of profit without approval of members in all cases and approval of central government in certain cases.



APPLICABILITY

- A public company
- Private company whether subsidiary of public company or not.



Section 314(1)

- Both directors and their relatives, their partners in other firm or their co director in other company in which the directors is member or director.
- Special resolution is required .



SECTION 314 1-B

- Directors or managers relatives or partner or firms in which director/manager is partner or private company in which director is director or member.
- Prior approval of shareholders by way of special resolution and central government

CONSEQUENCES OF HOLDING OF PLACE OF PROFIT IN CONTRAVENTION Sub-Section 2a

- Vacate his/her office next following date of general meeting or
- The date of the expiry of period of 3 months referred where appointment done with out knowledge of the director.
- To refund all remuneration and monetary benefit

DECLARATION IN WRITING SUB-SECTION 2A

- Every appointee who is appointed to any place of profit to which this section is applicable shall, before or at the time of appointment declare in writing whether he/she is not connected with a director of the company in any of the way referred in sub- sec(1)



PERSONS AND THEIR APPOINTMENT

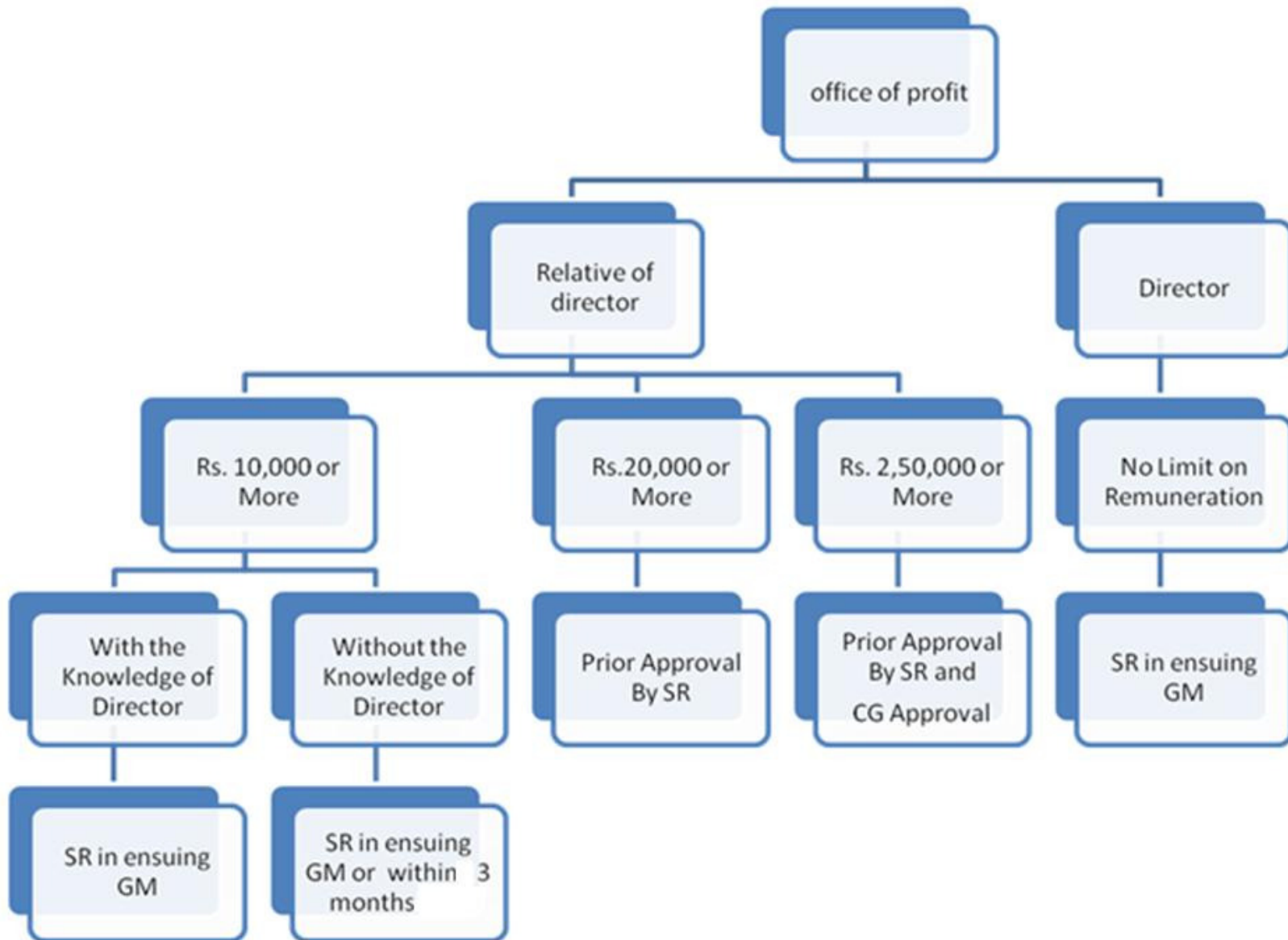
- Professional services except on retainership.
- Technical adviser exempt up to limit.
- Managing director, manager, banker, trustee for debenture holders.
- Commissions to the directors.
- Payments of pension.
- Appointment of whole time directors. Contd...



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- Holding and subsidiary company.
- Appointment of sole selling agent.
- Director acting manager and secretary
- Employee becoming relative of director subsequently.
- Sale or purchase of material by the director or his relatives.
- Payment of guarantee commission & interest loan.

Requirements





SECRETARIAL PRACTICE NOTES

- Check directors current status.
- Remuneration.
- Necessary declaration.
- Special resolution.
- Intimation to ROC.
- Approval of central government, if required.

ATTACHMENTS

- Copy of board resolution and members special resolution.
 - Copy of rules of company relating to perquisites to employee.(Optional)
 - Certificate from secretary or director.
 - An undertaking from appointee.(Optional)
 - Copy of minutes of selection committee.
- Mandatory for public company
- Particular of employee in receipt of remuneration of Rs 50,000 or per month .
 - Any other information



CONSEQUENCES OF NON COMPLIANCE OF THE PROVISIONS

- Under section 629A of the companies Act , the company and every officer in default of the company shall be liable for fine upto Rs 5000 and a further fine of Rs 500 per day for each till the date of default continues.



THANK YOU