

Companies Act, 1956

Section 283 - Vacation of Office by Directors

(1)¹The office of a director shall become vacant if-

(a) he fails to obtain within the time specified in sub-section (1) of section 270 , or at any time (he reafter ceases to hold, the share qualification, if any, required of hi m by the articles of the company;

(b) he is found to be of unsound mind by a court of competent jurisdiction;

(c) he applies to be adjudicated an insolvent;

(d) he is adjudged an insolvent;

²(e) he is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;]

(f) he fails to pay any call in respect of shares of the company held by hi m whether alone or jointly with others, within six months from the last date fixed for the payment of the call³[unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure];

(g) he absents hi mself from three consecutive me etings of the B oard of directors, or from all me etings of the B oard for a continuous period of three months, whichever is longer, without obtaining leave of absence from the B oard;

(h)⁴[he (whether by hi mself or by any person for hi s benefit or on hi s account), or any firm in which] he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the company in contravention of section 295 ;

(i) he ads in contravention of section 299 ;

(j) he becomes disqualified by an order of court under section 203 ;⁵[***]

(k) he is removed in pursuance of section 284 ;³[or]

(l) having been appointed a director by virtue of hi s holding any office or other employment in the company,⁶[***] he ceases to hold such office or other employment in the company⁷[***].

(2) Notwithstanding anything in clauses (d), (e) and (j) of sub-section (1), the disqualification referred to in those clauses shall not take effect -

(a) for thirty days from the date of the adjudication, sentence or order;

(b) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction, or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

⁸(2 A) Subject to the provisions of sub-sections (1) and (2), if a person functions as a director when he knows that the office of director held by hi m has become vacant on account of any of the

disqualifications, specified in the several clauses of subsection (1), he shall be punishable with fine which may extend to [9](#)[five thousand rupees] for each day on which he so functions as a director.]

(3) A private company which is not a subsidiary of a public company may, by its articles, provide, that the office of director shall be vacated on any grounds in addition to those specified in sub-section (1).

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1. Substituted by Act 65 of 1960, sec 95, for "The office of a director shall be vacated if-" (w.e.f.28-12-1960).
 2. Substituted by Act 65 of 1960, sec. 95, for clause (e) (w.e.f. 28-12-1960).
 3. Added by Act 65 of 1960, sec, 95 (w.e.f. 28-12-1960).
 4. Substituted by Act 65 of 1960, sec. 95, for "he or any firm in which" (w.e.f. 28-12-1960).
 5. The word "or" omitted by Act 65 of 1960, sec, 95 (w.e.f. 28-12-1960).
 6. The words "or a nominee of the managing agent of the company", omitted by Act 53 of 2000, sec. 137 (w.e.f. 13-12-2000).
 7. The words "or, as the case may be, the managing agency comes to an end" omitted by Act 53 of 2000, sec. 137 (w.e.f. 13-12-2000).
 8. Inserted by Act 65 of 1960, sec. 95 (w.e.f. 28-12-1960).
 9. Substituted by Act 53 of 2000, sec. 137, for "five hundred rupees" (w.e.f. 13-12-2000).