

CORPORATE AND ECONOMIC LAWS

Test:- 3

Topic:- Appointment & Qualification of Directors

TIME:-50 MINUTES

MAX. MARKS:-40 Marks

MCQs

A person who fails to get appointed as a director in a general meeting cannot be appointed as

- a. Additional director
- b. Alternate director
- c. Independent director
- d. Nominee director

1 Marks

On resignation of a Director, the DIN

- a. will be cancelled.
- b. will be cancelled after 6 months.
- c. will not be cancelled.
- d. will be transferred.

1 Marks

A company may remove a director through/with

- a. board resolution.
- b. special resolution of the shareholders.
- c. ordinary resolution of the shareholders.
- d. approval of the ROC

1 Marks

A women director has to be there is the company is:

- a. A listed company
- b. With turnover of Rs. 300 crore or more
- c. Either of the above
- d. None of the above

1 Marks

Independent directors, separately. Shall meet in a calendar year.

- a. Once
- b. Twice
- c. Thrice
- d. Not meet

1 Marks

Descriptive Questions:

QUESTION: PQR Limited is an unlisted public company having a paid-up share capital of twenty crore rupees as on 31st March, 2022 and a turnover of one hundred fifty crore rupees during the year ended 31st March, 2022. The total number of directors is thirteen. Referring to the provisions of the Companies Act, 2013 answer the following:

- (i) State the minimum number of independent directors that the company should appoint.
- (ii) How many independent directors are to be appointed in case PQR Limited is a listed company?

6 Marks

QUESTION: Mr. X Vice President of ABC Ltd. was appointed as an additional director in 1st January, 2022. On the office of managing director falling vacant he was appointed as managing director on existing remuneration. Whether Mr. X will cease to be managing director in the next Annual General Meeting?

5 Marks

QUESTION: Mr. Jhunhunwala proposed the name of Mr. Dandpat as Director, not liable to retire by rotation, in Vida Ltd. and submitted a notice in writing on 15/07/2024 along with a deposit of 1,00,000. State the validity of this proposal of Mr. Jhunhunwala in the following situations:

- (i) If Vida Ltd. is a Government Company and the Government has been duly
- (ii) If Vida Ltd. has a provision in its Articles for election of Directors by ballot.
- (iii) If it is a public limited company and the company has not served individual notices on members, but 7 days before the meeting, advertises such candidature or intention in a local vernacular newspaper in the district where the registered office is situated.

7 Marks

QUESTION: How far the acts of the director will be invalid if his appointment is not valid?

6 Marks

QUESTION: The Board of Directors of Mckinsy Ltd., a listed company, appointed Dinesh, as an Executive Director at the Board Meeting held on June 1, 2023. The Company took up this appointment of Dinesh, for approval of the shareholders at its Annual General Meeting (AGM) held on September 29, 2023, but the same was not approved by the shareholders. However, he was appointed as an Additional Director on whole time employment by the Board at its meeting held on September 30, 2023 by passing a resolution to hold the office of directorship till the conclusion of the next AGM, to be held for the year 2024. Is appointment of Dinesh as an Additional Director, by the Board justified ? Examine the correctness of the aforesaid appointment.

6 Marks

QUESTION: Mirinda Ltd., is an unlisted company with paid-up capital of Rs. 40 cr. and turnover of Rs. 350 cr. The Company has the following top management personnel:

- (i) Mr. Rajib Mishra, who is promoter and Managing Director of the company;
- (ii) Mr. Pritam is the Non-executive Chairman;
- (iii) Mr. Charan Chadha -Director (Finance)
- (iv) Mr. Anurag Sinha -Director (Operation) is related to the promoter
- (v) Ms. Supriti -Company Secretary

The company is in a plan for expansion and therefore wants to avail sizeable loan from a nationalised bank. The bank wants to nominate a director in the Board.

The MD seeks your advice in the following points:

- (i) Is the present Board properly constituted? If not, what is the non-compliance?
- (ii) Can Mr. Anurag Sinha be considered as independent director?
- (iii) What will be the status of the director if nominated by bank? If the said nominated director is a women, would she satisfy the requirement of women director?

(iv) Is there any requirement of a CFO?
You are required to advise the MD suitably.

5 Marks