

CORPORATE AND ECONOMIC LAWS**Test:- 4****Topic:- Appointment & Remuneration of Managerial Personnel****TIME:-30 MINUTES****MAX. MARKS:-20 Marks****MCQs**

1. In case of appointment of M.D., manager or whole-time director by a Public Company, the appointment shall also be approved by the
 - a. Registrar
 - b. Central Government
 - c. Board of Directors in the next Board meeting
 - d. Shareholders in the next general meeting**1 Marks**

2. A whole time director is appointed for a term of:
 - a. 2 years.
 - b. 3 years.
 - c. 5 years.
 - d. 4 years.**1 Marks**

3. Managing Director's appointment is ratified in AGM through-
 - a. Ordinary
 - b. Special
 - c. No AGM resolution is required
 - d. None of the above**1 Marks**

4. Section 203 provides for appointment of
 - a. KMP
 - b. CS
 - c. MD
 - d. WTD**1 Marks**

5. Maximum remuneration to all managerial personnel is-
 - a. 5%
 - b. 8%
 - c. 11%
 - d. 15%**1 Marks**

Descriptive Questions:

QUESTION: - AB Ltd., a listed company, being managed by a Managing Director proposes to pay the following managerial remuneration:

- (i) Commission at the rate of five percent of the net profits to its Managing Director, Mr. M.
- (ii) The directors other than the Managing Director are proposed to be paid monthly remuneration of ₹ 50,000 and also commission at the rate of one percent of net profits of the company subject to the condition that overall remuneration payable to ordinary directors including monthly remuneration payable to each of them shall not exceed two percent of the net profits of the company. The commission is to be distributed equally among all the directors.

You are required to examine with reference to the provisions of the Companies Act, 2013 the validity of the above proposals.

5 Marks

QUESTION: - Mr. R was appointed as a whole-time director and was heading the marketing whole-time director. SMP Limited. As a cost saving measure he was removed from the office as Mr. R demanded compensation the relevant provisions for loss of office. Explaining compensation. of the Companies Act, 2013, state whether he is entitled to If yes, how the compensation amount will be calculated?

5 Marks

QUESTION: Critically examine the restrictions and compliance requirements relating to holding office in more than one company by a Key Managerial Personnel (KMP) under Section 203 of the Companies Act, 2013. Illustrate with an example.

5 Marks