

CORPORATE AND ECONOMIC LAWS

Test:- 5

Topic:- MEETINGS OF BOARD & ITS POWERS

TIME:-60 MINUTES

MAX. MARKS:-45 Marks

MCQs [1 Marks Each]

1. The Director prepared the annual accounts in Director Responsibility Statement on a/an
 - a. Money measurement basis
 - b. Going concern basis
 - c. Accrual basis
 - d. Business Entity basis
2. Out of following which item CANNOT be exercised by the Board of Directors of ABC Ltd.?
 - a. To diversify the business
 - b. To take over a company
 - c. To approve amalgamation/merger/reconstruction
 - d. To sell substantially the whole of the undertaking
3. Under section _____ every company shall hold the minimum _____ meeting of its Board of Directors every year.
 - a. 183, six
 - b. 173, four
 - c. 104, seven
 - d. 114, four
4. In case of related party transaction for leasing of property of any kind exceeding _____ of the turnover of the company or _____ whichever is lower, approval of the company by special resolution required.
 - a. 20%, Rs. 200 Crore
 - b. 10%, Rs. 100 Crore
 - c. 20%, Rs. 100 Crore
 - d. 10%, Rs. 200 Crore
5. In the parlance of the Companies Act, 2013, 'loan' means
 - a. cash credit.
 - b. short-term loans for revenue purposes.
 - c. long-term loans.
 - d. working capital loan.

Descriptive Questions:

QUESTION: The Board of Directors of PQR Limited met thrice in the year 2022 and 4th meeting though called but could not be held for want of quorum. Examine with reference to the relevant provisions of the Companies Act, 2013, whether any provision of the Act has been contravened.

5 Marks

QUESTION: The Board Meeting of Victoria Vibes Ltd., an unlisted public company having its Registered Office at Chennai, was convened at 8:00 p.m. on Sunday, 5th January, 2025, at Taj Palace, Mumbai. The total strength of the Board was 14 directors, of which 2 positions were vacant. As per the provisions of the Companies Act, 2013, answer the following:

- Examine the validity of the venue, date, and time of the Board Meeting.
- How should the notice of the meeting be circulated to a director who is currently in London?
- During the meeting, 7 directors attended - 3 in person (at Mumbai), 2 from Bhopal, and 2 from London through video conferencing. However, 5 minutes after commencement, the internet connection of the 3 directors attending through video conferencing got disrupted, and they could not participate further. The Chairman proceeded with the agenda and declared that all resolutions were duly passed, since the agenda papers and draft resolutions had been circulated in advance.

In addition, referring to the relevant provisions of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014, decide the validity of the place of meeting and the resolutions passed.

7 Marks

QUESTION: What is the quorum of Company's Board Meeting in the following cases (explain as per the provisions of the Companies Act, 2013)?

- A public company has 10 directors (including 4 non-executive directors). But 8 directors (including 4 non-executive directors) attended the BOD meeting.
- Startup Odisha Ltd. is a section 8 company which has 8 non-executive directors. 3 directors attended the meeting.
- BOD of X Ltd. consists of 9 executive directors and 3 non-executive directors. Total 6 executive directors and 3 non-executive directors attended the BOD meeting. A business was transacted in which one director was interested. Articles of Association has fixed the quorum as 5.

4 Marks

QUESTION: All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to certain conditions. Elucidate that conditions to omnibus approval for related party transactions.

7 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.

4 Marks

QUESTION: The following is the extract from the Balance Sheet of XYZ Ltd., as on 31-3-2024:

Particulars	Amount (in lakhs)
Authorised capital	100
Paid-up Capital	40
P & L Account balance	22
Share Premium Account	10
Machinery Revaluation Reserve	11
Secured loan taken from a ationalized bank (at 11% rate of interest)	35

The yield of Government security may be taken as under:

Tenure	Yield
1 year	6.5%
2 years	6.7%
3 years	6.9%

ABC Ltd., has approached the company for grant of secured loan for Rs. 40 lakhs for a tenure of 40 months. Can this loan be granted by the Board of Directors at the interest rate of 6.5%?

Will your answer be different, if the loan is for Rs. 45 lakhs?

7 Marks

QUESTION: Examine whether investments made or held by a company must be in its own name. Elucidate the exemptions, if any, enshrined in Section 187 of the Companies Act, 2013.

6 Marks