



DSS-33, OLD COURT COMPLEX NEAR FAWARA CHOWK, HISAR

COMPANY LAW

CS EXECUTIVE

TEST- CHAPTER-16 DIRECTORS

Time: 40 Min

Marks: 20

Attempt any four questions from questions no. 1 to 6.

Question 1:

Raman is a director of Mega Ltd., a company engaged in the business of selling mineral water. Rohini, wife of Raman, is a partner in M/s. Total, a partnership firm, engaged in the business of selling packaged juices. Raman also holds 100 shares in Zimba Pvt. Ltd., a company engaged in the business of manufacturing bottles. Board of directors of Mega Ltd. intends to grant loan to M/s. Total and Zimba Pvt. Ltd. within the limits specified under the Companies Act, 2013. Examine whether Mega Ltd. can grant loan. If yes, what are the conditions?

(5 Marks)

Question 2:

Shankar was appointed as a small shareholders' director on 2nd March, 2017. Shankar has submitted a letter to the Board of directors expressing his desire to get re-appointed.

In this context, the Board wants your opinion on the following points :

- (i) Whether Shankar can be re-appointed as on 31st March, 2021 ?
- (ii) Whether he is liable to retire by rotation as on 31st March, 2019 ?
- (iii) Since Shankar is serving as director in many companies, whether his directorship in the capacity of small shareholders' director be included in the total number of directors as per the provisions of the Companies Act, 2013 ? Answer to the Board.

(5 Marks)

Question 3:

X has applied to the Indian Institute of Corporate Affairs (IICA) for inclusion of his name in the data bank of independent directors. He is working as a director of X Ltd and Y Ltd, both are unlisted public companies having the paid-up share capital of ` 10 crores since last 7 years. X says that he is not required to pass the online proficiency self-assessment test as he is director of two unlisted companies with paid-up share capital of Rs. 10 crores since last 7 years. Explain whether the contention of X is correct.

(5 Marks)

Question 4:

Rohan is a well-known banker and holds directorship in 22 companies as on 30th September, 2020. The companies include 10 public companies, 11 private companies (including MNP Pvt. Ltd., a dormant company) and 1 company registered under section 8 of the Companies Act, 2013.

In this context answer the following:

- (i) Whether the directorships held by Rohan as on 30th September, 2020 are valid ?
- (ii) Company Secretary of ABC Ltd. has proposed to restrict number of directorship of the directors in ABC Ltd. Whether the proposal given by the Company Secretary is tenable in light of the provisions of the Companies Act, 2013 ?

(5 Marks)

Question 5:

Kailash, a director of a company has sent in his resignation notice stating that he is resigning from the office of director with effect from 10th December, 2019. The notice was received by the company on 15th December, 2019. State the effective date of resignation of Kailash and the date up to which the company is required to intimate the Registrar of Companies (ROC). Is Kailash required to intimate his resignation to the ROC mandatorily ?

(5 Marks)

Question 6:

State with reference to the relevant provisions of the Companies Act, 2013 whether the following persons can be appointed as a director of a public company:

- (i) Mr. A, who has huge personal liabilities far in excess of his assets and properties, has applied to the Court for adjudicating him as an insolvent and such application is pending.
- (ii) Mr. B, who was caught red-handed in a shop lifting case 2 years ago, was convicted by a Court and sentenced to imprisonment for a period of 8 weeks.
- (iii) Mr. C, former bank executive, was convicted by a Court` 8 years ago for embezzlement of funds and sentenced to imprisonment for a period of 1 year.
- (iv) Mr. D is a director of DLT Ltd., which has not filed its annual returns pertaining to the annual general meetings held in the calendar years 2014, 2015 and 2016.