

MEPL CLASSES
COMPANY LAW

APPOINTMENT & QUALIFICATIONS OF DIRECTORS

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(TIME ALLOTTED – 90 MINUTES)

(MARKS ALLOTTED – 50 MARKS)

Each Question Carries 5 Marks

Question 1.

“A” Ltd., a public company wants to appoint Alternate Directors. Examine the validity of acts of the company with reference to provisions of Companies Act, 2013 in following cases :

- (i) ‘D’ a director was absent for a period of two and half months. It is proposed to appoint an alternate director.
- (ii) ‘E’ a director was absent for 4 months. It is proposed to appoint ‘F’ as an alternate director in place of ‘E’. ‘F’ is already acting as an alternate director in “A” Ltd. for a director ‘G’ who was absent for 5 months.
- (iii) Can the said appointment, if permitted, be passed by circular resolution ?

Question 2.

Rakesh Agarwal is a Non-Executive & Non-Independent director of Happy Travels Limited, an unlisted company. The paid-up share capital of the company is ₹ 120 crore. The company has availed a term loan of ₹ 65 crore. The Board of directors, in their meeting passed a resolution to grant a housing loan of rupees one crore to Rakesh for purchase of an apartment in Navi Mumbai at concessional interest rate. The company has implemented a housing loan for its permanent employees at concessional interest rates. The Secretarial Auditor has objected to the loan granted to Rakesh in his Secretarial Audit report.

Is the claim of Secretarial Auditor correct?

Will your answer differ if the company is a private limited company?

Question 3.

David, director of Global Travels Limited, an unlisted public company was removed from the Office of Director u/s 169 of Companies Act, 2013 after following due process of Notice and the principles

of Natural Justice. The board of directors sought your opinion on filling up the vacancy caused by removal of director. Advise.

Question 4.

Jyoti Prasad obtained two Director Identification Number (DINs) by mistake in 2016 and 2019. He used his second DIN to become director in two private limited and three public limited companies. Later, on realisation, he applied to Registrar of Companies for deactivation of his first DIN. The Registrar rejected the application. Examining relevant legal provisions, discuss.

Question 5.

Peter is serving as the managing director of a listed company and she would like to know the answers for her following queries in light of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

- (i) In how many other listed companies she could be appointed as an independent director ?
- (ii) Could she be appointed as non-executive director in five more private companies ?

Question 6.

X, proposes his candidature as a director of X Ltd. along with the deposit of ₹1 Lakh. Later X failed to be appointed as director but received 39% of the total votes. X, claimed X Ltd. to refund the deposit but the company denied to pay as he failed to be elected having obtained only 39% of votes cast. Is the decision of the company valid ? Explain when the requirement of deposit of amount is not applicable ?

Question 7.

Happy Mobile Ltd. is engaged in the manufacturing of mobiles and accessories related to mobile. The Board of the company consists of nine directors i.e., Rakesh (Director), Shyam (Director), Mehul (Director), Jigisha (Director), Komal (Director), Kavita (Director), Ashish (Independent Director), Gagandeep (Independent Director) and Anil (Small Shareholder's Director). Articles of Association of the company does not provide for retirement of all directors at every Annual General Meeting.

Calculate the number of directors liable to retire at the Annual General Meeting to be held on 15th September, 2022.

Question 8.

Evaluate if in the following cases, the person will be disqualified for appointment as a director of Race Ltd. :

(i) Takur, who holds a directorship in Turf Ltd., a company which did not file the financial statements with the Registrar of Companies for the financial years 2015-16, 2016-17 and 2017-18. However, the Company has filed the financial statements during August, 2019 to rectify the lapse.

(ii) Umesh was convicted of an offence not involving moral turpitude for a period of eight years and he has gone on appeal to a higher court, where the decision is pending.

Question 9.

Ceramic Ltd. is a listed company with paid-up share capital of ₹ 40 crore, turnover ₹ 200 crore but having a loss of ₹ 10 crore for the year ended 31 March, 2018. The woman director in the Board of the company resigned on 1 October, 2018. The last Board meeting was held on 25th September, 2018. The Board is likely to meet next on 15th January, 2019. Lalita, aged 30 years, has conveyed her interest to be associated with the company as a woman director. Discuss if any woman director is required to fill the vacancy and if so, when the appointment should be made as per the provisions of the Companies Act, 2013 ?

Question 10.

The Articles of Association of Rajasthan Toys Private Limited provide that the maximum number of Directors in the company shall not exceed 10. Presently, the company has 8 directors. Its Board of Directors desires to increase the number of directors from 8 to 16. Advise whether under the provisions of the Companies Act, 2013, the Board can do so?