

34 marks

law-test-1

Overall attempt is good. You have good conceptual knowledge of relevant part, presentation is fair. little bit more practice are required. you can even perform better .do more practice for institute material .

Q2 According to sec 198 of companies Act 2013. Directors or managers or WTD. Shall not be appointed or continue to be in employment who is below the age of 21 years or has attain age of 70 years.

But if a person has attain the age of 70 years still he can be appointed as director by passing special resolution. In such case the explanation Statement annexed to the notice for such motion shall indicate the justification for appointing such person.

Where no such special resolution is passed but votes cast in favour of the motion exceed the votes if any cast against the motion and the central government is satisfied on an application made by the board that such appointment is beneficial to the company, the appointment of the person who has attained the age of 70 years may be made.

Concl

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Conclusion :- appointment of Mr X is not valid as special resolution was not passed, however it could be done because (since vote cast in favour exceed against vote cast against the motion of Mr X. by seeking approval of C.O. which IP can approve such approval satisfy)

- (ii) Effective Capital means, paid up share capital excluding share application money or advances on share reserve and surplus excluding revaluation reserve long term loans & deposits payable after one year (excluding working capital, over draft, short term arrangements), less investment (except in case of investment by an investment company) accumulated loss and preliminary expenses written off.

Calculation of effective capital  
Paid up Capital (excluding share application money)

Adel Reserve & Surplus - Revaluation

Adel long term borrowing

less Investments

less Accumulated losses

Effective Capital

860

680

800

160

40

2060

According to schedule V in case of inadequate profit if the effective capital is more than 250 crore then remuneration should not exceed 120 crore + 0.01% of excess of 250 crore.

$$\text{So } 1.20 + 0.181 = 1.381 \text{ crore.}$$

So Managerial remuneration payable by each managerial person other than a managerial personnel functioning in a professional capacity to be Rs 1.381 crore.

Remuneration can be paid excess of this if special resolution passed by the shareholders and if the term of managerial personnel in office is less than one year then remuneration shall be paid on pro-rata basis.

Remuneration to manager while time director shall be determined in accordance of article of association resolution.

Article so regulate by special resolution, passed by company in general meeting.

Q3 According to section 180 of companies Act 2013, the BOD of a company shall exercise the following powers only with consent of the company by a special resolution namely to borrow money. Where the money borrowed, together with money already borrowed by company will exceed aggregate of its paid up share capital free reserve and security premium circuit from company loans obtained from the company's bankers in the ordinary course of business.

Temporary loans are loan repayment on demand, short term loans within 6 months from date of such loan, cash credit, seasonal loan, but excluding loan of capital nature

equity capital  
Reserve & surplus  
credit balance of P&L

10  
10  
2

Total borrowing Power

22

- Secured loan.

Amount that Board can borrow without special resolution.

8

124

Section 182 states that the government company and a company has been in existence for less than 3 financial years, cannot directly or indirectly contribute to political party. Further the contribution should be made by a company only by passing of special resolution.

In view of above RML limited can contribute 10,00000 to the political party but it needs to pass Board resolution.

Q4

Sec 209 of companies Act states that if Registrar of companies has ground to believe that books and papers relating to company or its managerial personnel or directors or auditors of company secretly duly appointed is likely to destroy mutilated, falsified, altered, concealed he may after obtaining an order from special court can search the books.

**Make points and avoid paragraphs**

① enters such premises where books and papers are kept but it has to allow the company to take copy of the books and papers. Then he can enter the premises of the company during business hours only.

In given scenario the registrar has failed to obtain possession from special court. So he is not authorized to enter the premises of the company and seize the books of account. Contention of M&B is valid in law.

Q.6

According to section 196 of Companies Act a whole time Director or key managerial personnel should not hold office in more than one company except in its subsidiary company at the same time. He is holding office in 2 companies so his appointment of S Ltd holding office in its subsidiary company in S Ltd is valid.

But passing resolution by director of his appointment as MD of H Ltd is not valid because it can be made by means of a resolution of Board at its meeting containing the terms and condition of the appointment including the remuneration.

In case S Ltd is not subsidiary of H Ltd.

in companies get the MD can be appointed in a company.

Company can appoint the managing Director if he is the MD or manager of one and not more than one other company and such appointment is made by approved

resolution passed at Board meeting  
with consent of all directors present  
at meeting

Hence in second situation the answer  
will remain same

Q7

- ① c.
- ② ee
- ③ a
- ④ c
- ⑤ c
- ⑥ b
- ⑦ b

10

Q4

4 marks

ANS-5

Provision deleted to Director identification numbers are covered in 153 to 154

- ① Surrender of DIN - In respect of individual who is in possession of more than one DIN shall surrender the new DIN and retain old DIN only.

Procedure well done

Application shall be made to Regional Director in case of multiple DIN in form duly filled DIR-S.

Action by c.o.i] Regional Director.

On being satisfied on verification of documents attached with application and Proof and Peculiar attached with application received from applicant, cancel or deactivate the DIN. In case of duplicate DIN the DIN shall be merged validly with retained numbers.

Keeping all Directorship under one DIN. Individual should surrender newest DIN only and RD shall migrate Newest DIN directorship to old one.

4 marks

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Q1 According to section 164 disqualification of Directors.

(1) A person shall not be appointed as director if it has not paid any calls in respect of share held in company and 6 month has passed from last day for payment of call

(2) no person shall be director in a company or who has been director of a company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any preference on the due date or pay interest due thereon or dividend declared and failure to pay dividend declared and failure to pay dividend continues for one year or more. Shall be eligible to be re-appointed as a director of that company or in other company for period of five years from the date on which such company fails to do so

Conclusion: Mr. Yashpal cannot be appointed as director in Light tubes limited. Since he has not paid the amount of call on 80,000 fully paid shares and 6 month have elapsed from last date fixed for payment

Date \_\_\_\_\_  
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Mr Dugal is a director in Heavy Hub  
Limited which has defaulted in the  
repayment of deposit accepted by it  
and payment of most hirecon since  
October 2019 and default continued  
for more than one year. S6  
he will not be eligible for appointment  
for 5 years. HN May 2021.