

# CA Final – Paper 4 (Law) – MCQ

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(Covering ICAI SM, MTPs & RTPs till Nov. 2022 applicable for May/Nov. 2023 Exams)

## Chapter – 1: Appointment and Qualifications of Directors

1	<p>In compliance with the Companies Act, 2013, at least one woman director shall be on the Board of the prescribed class or classes of companies. Ms. Riya is keen to seek the office of woman director in a company. Which of the following companies is mandatorily required to appoint a woman director where Ms. Riya can hold such office:</p> <p>(a) PQR Limited, an unlisted company, whose paid-up share capital is ₹ 150 crore as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.</p> <p>(b) ABC Limited, a listed company, whose turnover is ₹ 150 crore as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.</p> <p>(c) XYZ Limited, an unlisted company, whose turnover is ₹ 350 crore as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.</p> <p>(d) All of the above</p>
2	<p>Kutumb Agro Limited (KAL), a newly incorporated company, has not mentioned the names of the first Directors in its Articles of Association. There are eight subscribers to the Memorandum of Association including Parivaar Agro Private Limited. From the following four options, choose the one which indicates as to who shall be deemed to be the first Directors of KAL when nothing is mentioned in the Articles?</p> <p>(a) All the eight subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.</p> <p>(b) Except Parivaar Agro Private Limited, all other subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.</p> <p>(c) The shareholders shall appoint the first Directors in the General Meeting of KAL.</p> <p>(d) Out of the eight subscribers to the Memorandum of Association, the first Directors being three individuals shall be nominated by Srinivas, the Chartered accountant who has signed the Memorandum as witness and they shall be deemed to be the first Directors of KAL.</p>
3	<p>The turnover of XYZ Components Limited as on the last date of latest audited financial statements is ₹ 400 crore. An intermittent vacancy of a woman Director arose on June 15, 2022 due to the resignation of Ms. Swati. The immediate Board Meeting after the resignation of Ms. Swati was held on October 10, 2022. From the following options, choose the one which indicates the date by which the vacancy of the woman Director must be filled by XYZ Components Limited.</p> <p>(a) July 14, 2022.</p> <p>(b) August 14, 2022.</p> <p>(c) September 14, 2022.</p> <p>(d) October 10, 2022.</p>

4	<p><b>Amar Furniture and Fixtures Limited is a listed company engaged in the production of furniture and fittings at its factory located in Pune. There are 50,000 small shareholders of which some want to elect a small shareholders' Director so that due representation to the small shareholders is accorded by the company and the issues relating to them are resolved during the Board Meetings at the earliest. Accordingly, 750 small shareholders served a notice on the company for the appointment of Vishal, a small shareholder, who, if elected, shall hold the office of Director on behalf of the small shareholders. From the following four options, choose the one which is applicable in the given situation:</b></p> <p>(a) Notice served by 750 small shareholders is valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director.</p> <p>(b) Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director only on the requisition of 1000 small shareholders.</p> <p>(c) Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director only on the requisition of 5000 small shareholders.</p> <p>(d) Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director only on the requisition of 7500 small shareholders.</p>												
5	<p><b>Mr. Nagarjuna, one of the directors of MGT Mechanics Limited, due to his own business interests, decided to resign as director and accordingly, sent his resignation letter dated 12<sup>th</sup> June, 2022 to the company stating that he intends to resign w.e.f. 15<sup>th</sup> June, 2022. Since no communication in relation to his resignation was received from MGT Mechanics Limited, he sent an e-mail on 17<sup>th</sup> June, 2022 enquiring about the receipt of his resignation letter by the company but there was no response. However, MGT Mechanics Limited received his resignation letter on 18<sup>th</sup> June, 2022. Out of the following four options, choose the one which indicates the correct date from which his resignation will be effective:</b></p> <p>(a) 12<sup>th</sup> June, 2022.</p> <p>(b) 15<sup>th</sup> June, 2022.</p> <p>(c) 17<sup>th</sup> June, 2022.</p> <p>(d) 18<sup>th</sup> June, 2022.</p>												
6	<p><b>HCQ Pharma Ltd., a company listed with the Bombay Stock Exchange, was incorporated on January 20, 2002. The Directors of the company want to appoint Mr. Sanjay who is a Managing Partner of Sanjay and Associates LLP, firm of Lawyers, as an Independent Director of the company at the forthcoming Annual General Meeting (AGM) to be held on September 24, 2022. Mr. Sanjay is acting as a legal advisor to Genesis Laboratory Ltd., Associate Company of HCQ Pharma Ltd. It is to be noted Adv. Sanjay charged consultation fees as given below:</b></p> <table border="1" data-bbox="233 1621 1461 1822"> <thead> <tr> <th>Year</th> <th>Fees</th> <th>Gross turnover of Sanjay and Associates</th> </tr> </thead> <tbody> <tr> <td>2019-20</td> <td>2,00,00,000</td> <td>40,00,00,000</td> </tr> <tr> <td>2020-21</td> <td>10,00,00,000</td> <td>50,00,00,000</td> </tr> <tr> <td>2021-22</td> <td>0</td> <td>45,00,00,000</td> </tr> </tbody> </table> <p><b>You are required to identify the correct statement from those given below:</b></p> <p>(a) HCQ Pharma Ltd. can appoint Mr. Sanjay as an Independent Director irrespective of the fact that he is Legal Advisor to Genesis Laboratory Ltd. which is its Associate Company.</p>	Year	Fees	Gross turnover of Sanjay and Associates	2019-20	2,00,00,000	40,00,00,000	2020-21	10,00,00,000	50,00,00,000	2021-22	0	45,00,00,000
Year	Fees	Gross turnover of Sanjay and Associates											
2019-20	2,00,00,000	40,00,00,000											
2020-21	10,00,00,000	50,00,00,000											
2021-22	0	45,00,00,000											

	<p>(b) HCQ Pharma Ltd. cannot appoint Mr. Sanjay as an Independent Director as he is Managing Partner of the firm which is legal advisor to Genesis Laboratory Ltd., its Associate Company, irrespective of the amount of fees charged by Mr. Sanjay from its Associate Company.</p> <p>(c) HCQ Pharma Ltd. cannot appoint Mr. Sanjay as an Independent Director as he is Managing Partner of the firm which is Legal Advisor to Genesis Laboratory Ltd., its Associate Company, and the fees charged by Mr. Sanjay exceeds the percentage as specified in the Companies Act, 2013, during one year out of the three immediately preceding financial years.</p> <p>(d) HCQ Pharma Ltd. can appoint Mr. Sanjay as an Independent Director even though he is the Managing Partner of the firm which is Legal Advisor to Genesis Laboratory Ltd., its Associate Company, as Mr. Sanjay did not charge any fee during the immediately preceding financial year.</p>
7	<p><b>The Board of Directors of MNO Pharma Limited is willing to appoint Mr. R, a qualified Cost Accountant having fifteen years of rich industrial experience, as Additional Director but the Articles of Association are silent about such appointment. Mr. M, the Managing Director of MNO Pharma Limited, is of the view that the Board does not have the power to appoint an Additional Director and therefore, if any such appointment is made, it shall be invalid. From the following four options, choose the one which is applicable in the given situation:</b></p> <p>(a) An ordinary resolution in general meeting needs to be passed by MNO Pharma Limited for appointment of Mr. R as Additional Director.</p> <p>(b) A special resolution in general meeting needs to be passed by MNO Pharma Limited for appointment of Mr. R as Additional Director.</p> <p>(c) An enabling provision in the Articles of Association is needed which confers requisite power on the Board of Directors of MNO Pharma Limited for appointment of Additional Director.</p> <p>(d) The Board of Directors of MNO Pharma Limited has the power to appoint Mr. R as an Additional Director irrespective of whether any clause finds place in the Articles of Association for such appointment or not.</p>
8	<p><b>Mr. Z is proposed to be appointed as the Director in RLP Mechanics Limited. It is noteworthy that Mr. Z already holds directorship in 1 dormant company, 2 Section 8 companies, 8 public limited companies and 9 private limited companies. However, out of 9 private limited companies, 2 are subsidiaries of public limited companies. In the given circumstances, is it possible for Mr. Z to accept another directorship in RLP Mechanics Limited without attracting any invalidity:</b></p> <p>(a) It is not possible for Mr. Z to accept another directorship in RLP Mechanics Limited since he is already holding directorships in 20 companies.</p> <p>(b) It is not possible for Mr. Z to accept another directorship in RLP Mechanics Limited since he is already holding directorships in 8 public limited companies and 2 such private limited companies which are subsidiaries of public limited companies.</p> <p>(c) It is possible for Mr. Z to accept another directorship in RLP Mechanics Limited since Section 8 companies and dormant companies are excluded while calculating the limit of 20 companies.</p> <p>(d) It is possible for Mr. Z to accept another directorship in RLP Mechanics Limited since there is no limit on holding any number of directorships.</p>
9	<p><b>National Software Limited, a government company with fourteen Directors, is desirous of appointing two more Directors to enable good governance and to manage its affairs more efficiently and effectively. However, Mr. X, the Managing Director of National Software Limited, is of the view that the company can validly appoint only one more director and therefore, appointment of two more Directors would be a violation of the statutory provisions. Out of the following four options, choose the one which is applicable in the given situation:</b></p>

	<p>(a) The contention of Mr. X, the Managing Director of National Software Limited, that the appointment of two more Directors in the company, thus raising the number of directors to more than fifteen, is valid since such action shall violate the statutory provisions.</p> <p>(b) Appointment of more than fifteen Directors can be validly made by National Software Limited by passing an ordinary resolution in the general meeting.</p> <p>(c) Appointment of more than fifteen Directors can be validly made by National Software Limited by passing a special resolution in the general meeting.</p> <p>(d) In view of the fact that government companies are exempt from the provision which limits the maximum number of Directors in a company, National Software Limited can appoint two more directors, thus raising the total number of directors to sixteen from the present fourteen.</p>
10	<p><b>The Board of Directors of Pristine Pharmaceuticals Limited, which was incorporated under the Companies Act, 2013, consists of seven directors. It so happened that one of the directors Mr. Avinash who was appointed in the immediately previous Annual General Meeting (AGM) met with a serious accident which ultimately resulted in his untimely death after a couple of days of this mis-happening. Consequently, a casual vacancy in the office of director arose which needs to be filled up. The Board of Directors of Pristine Pharmaceuticals Limited is contemplating to appoint Mr. Rakesh in place of Mr. Avinash to fill the casual vacancy so originated. From the given options which one you would have chosen as a Chartered Accountant if you were to advise the Board of Directors regarding the time limit within which Mr. Rakesh could be appointed to fill such casual vacancy in the light of applicable provisions of the Companies Act, 2013:</b></p> <p>(a) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within three months from the date of creation of such vacancy.</p> <p>(b) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited by passing a board resolution at its meeting and such appointment of Mr. Rakesh shall be subsequently approved by the members in the immediate next general meeting.</p> <p>(c) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within one month from the date of creation of such vacancy.</p> <p>(d) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within two months from the date of creation of such vacancy.</p>
11	<p><b>As per the audited financial statements of immediately preceding financial year 2021-22, the paid-up capital of Aastha Metal Products Limited was ₹ 75 crores (much below the threshold limit) which did not require appointing a woman director. However, the turnover during the same period was ₹ 334 crores i.e. above the threshold limit which required appointing a woman director. Choose the correct option from those given below as to whether Aastha Metal Products Limited is required to bring on the Board a woman director or not.</b></p> <p>(a) The company is not required to appoint a woman director since only one of the parameters and not both have crossed the threshold limit.</p> <p>(b) The company is required to appoint a woman director since any one parameter out of the two exceeding the threshold limit shall necessitate such appointment.</p> <p>(c) The requirement of appointing a woman director arises only when paid up capital exceeds the threshold limit and therefore, the company is not required to appoint a woman director.</p>

	(d) In a situation where one parameter is below and the other is above the threshold limit, the company, as per its discretion, may or may not appoint a woman director.
12	<p><b>Mr. Anand, Mr. Bipin, Mrs. Carol, Mr. Dhruv and Mr. Eknath are five Directors of the Elite Transporters Ltd. The Board of Directors of Elite Transporters Ltd. conducted five Board Meetings in the Financial Year 2021-22 which were attended by Mr. Anand, Mrs. Carol and Mr. Dhruv in full whereas Mr. Bipin attended only four meetings. However, it was noticed that Mr. Eknath failed to attend any of the Board Meetings and therefore, was liable to vacate the office of directorship but he did not vacate the office despite attracting the disqualification. You are required to choose the correct option from the following four which indicates the quantum of punishment that is applicable in case of Mr. Eknath for attracting the disqualification but not vacating the office of directorship as a consequence thereof:</b></p> <p>(a) For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000.</p> <p>(b) For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 5, 00,000.</p> <p>(c) For not vacating the office of directorship even after attracting disqualification, Mr. E shall be punishable with fine which shall not be less than ₹ 1, 00,000 but which may extend to ₹ 3, 00,000.</p> <p>(d) For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 1,50,000 but which may extend to ₹ 3,00,000.</p>
13	<p><b>Prince is holding directorships in 20 companies of which 7 are public companies and out of 7, 3 have been categorized as dormant companies. Further, in 2 of these 7 public companies, he is holding alternate directorships. He has been offered directorships in 8 more public companies. Choose the correct alternative from the following options whether he can legally hold directorships in all these newly offered 8 public companies:</b></p> <p>(a) Along with existing twenty directorships he can be director in all the 8 new companies which have offered him directorship.</p> <p>(b) Being already director in 20 companies, he cannot accept further directorship in any other company.</p> <p>(c) Along with existing 20 directorships he can be director only in 6 new companies.</p> <p>(d) Along with existing 20 directorships he can be director only in 3 new companies.</p>
14	<p><b>Ritika Hospitality Services Limited, having its registered office in Bhikaji Cama Place, New Delhi, is providing various kind of services, major components of which are tours and travels, both in India and abroad. In addition to six directors, Andrej, a resident of Warsaw, Poland also held directorship in the company as foreign director. However, due to his extremely busy schedule at Warsaw, he resigned and requested the company to relieve him from the directorship w.e.f. 23<sup>rd</sup> July, 2022. With a view to intimate the Registrar regarding resignation of Andrej, the company filed DIR-12 on 26<sup>th</sup> July, 2022. In respect of signing and filing of DIR-11, which of the following persons in India can be authorised by Andrej in addition to a practicing Chartered Accountant, a Cost Accountant in practice and a Company Secretary in practice who can sign and file the said Form DIR-11 on his behalf:</b></p> <p>(a) His professional friend Shailja, an advocate practicing in Delhi High Court.</p> <p>(b) His cousin Bartek residing in India and holding directorship in an unlisted company, namely, Mithila Dairy Products Limited.</p> <p>(c) His earlier co-director Kritika, a resident director of Ritika Hospitality Services Limited who filed DIR-12 on behalf of the company intimating the Registrar regarding resignation of Andrej.</p> <p>(d) His close friend Devansh, Managing Director of Sunshine Travels Limited which is a listed company.</p>



15	<p><b>Srishakti Homecare Limited, incorporated on 30<sup>th</sup> October, 2018, has ten subscribers to the Memorandum out of which two are private limited companies and remaining individuals. However, there is no mention in any of the documents as to who shall be the first directors. Advise the company regarding the appointment of first directors who shall manage the affairs of the company.</b></p> <p>(a) All the subscribers to the Memorandum shall be deemed to be the first directors.</p> <p>(b) The two private limited companies being subscribers to the Memorandum shall decide as to who shall be the first directors.</p> <p>(c) All the individual subscribers to the Memorandum shall be deemed to be the first directors.</p> <p>(d) As the company requires minimum three directors, the eight individual subscribers shall choose two from among themselves and one shall be chosen by the two private limited companies from among themselves.</p> <p style="text-align: right;"><b>[MTP-March 19]</b></p>
16	<p><b>Mr. Jigar is a director of PQR Ltd., which had accepted deposits from public. The Financial position of PQR Ltd. declined which resulted in failure to repay the deposits. It became due for payment on 10<sup>th</sup> April, 2018 and such repayment has not been made till 5<sup>th</sup> May, 2022. Another company JKL Ltd. wants to appoint the said Mr. Jigar as its director at its annual general meeting to be held on 6<sup>th</sup> August, 2022. State the correct statement as to the appointment of Mr. Jigar as a director of JKL Ltd.</b></p> <p>(a) Mr. Jigar can be appointed in JKL Ltd. as it is other than the defaulted company.</p> <p>(b) Mr. Jigar cannot be appointed at all in JKL Ltd. or any other company.</p> <p>(c) Mr. Jigar will not be eligible to be appointed as a director of JKL Ltd. on the scheduled AGM but may be after expiry of five years from the date of default.</p> <p>(d) Mr. Jigar will not be appointed as a director of JKL Ltd. before 6 months from the date of default.</p> <p style="text-align: right;"><b>[MTP-April 19]</b></p>
17	<p><b>Diksha, a professional architect, had been approached by Newage Builders Limited. a company formed by her distant relatives but with whom she has good rapports to accept the directorship in the company. However, she could not immediately agree to take the post of director, for she did not possess Director Identification Number (DIN). Accordingly, she applied for the DIN but her application was found to be incomplete and she received an e-mail on 3rd January, 2023 which directed her to rectify the defects by resubmitting the application. Advise Diksha regarding the latest date by which she must resubmit the application after fully rectifying it.</b></p> <p>(a) Latest by 10<sup>th</sup> January, 2023.</p> <p>(b) Latest by 16<sup>th</sup> January, 2023.</p> <p>(c) Latest by 18<sup>th</sup> January, 2023.</p> <p>(d) Latest by 23<sup>rd</sup> January, 2023.</p> <p style="text-align: right;"><b>[MTP-April 19]</b></p>
18	<p><b>B'north Motors and Spares Limited, a listed company, has 4500 small shareholders but till date there is no director who can represent them. Accordingly, some of such shareholders have approached the company for appointment of their director on the Board. By choosing the correct option, advise as to minimum how many small shareholders must group together so that they succeed in their objective.</b></p> <p>(a) Minimum 1000 small shareholders must group together for getting appointed their director on the Board.</p> <p>(b) Minimum 900 small shareholders must group together for getting appointed their director on the Board.</p> <p>(c) Minimum 450 small shareholders must group together for getting appointed their director on the Board.</p> <p>(d) Minimum 225 small shareholders must group together for getting appointed their director on the Board.</p> <p style="text-align: right;"><b>[MTP-April 19]</b></p>

19	<p>Rati holds 2,500 equity shares of ₹ 10 each (₹ 5 paid up) in Uranus Glass Limited which is listed on National Stock Exchange as well as Bombay Stock Exchange. In the same company her mother Rachna holds 2,000 equity shares on which ₹ 7 have been paid up. Her brother Ruchir has also been allotted 3,000 equity shares by the Uranus but till date, similar to Rati, he has paid only ₹ 5 as application and allotment money. All the three claim to be small shareholders and want to participate in the process of appointing small shareholders' directors. Advise them whether they could be categorized as small shareholders.</p> <p>(a) Only Rati is small shareholder and therefore, she can participate in the process of appointing small shareholders' directors.</p> <p>(b) Only Rachna is small shareholder and therefore, she can participate in the process of appointing small shareholders' directors.</p> <p>(c) Only Ruchir is small shareholder and therefore, he can participate in the process of appointing small shareholders' directors.</p> <p>(d) All the three are small shareholders and therefore, they can participate in the process of appointing small shareholders' directors.</p> <p style="text-align: right;">[MTP-April 19]</p>
20	<p>State which is not a valid situation for the vacation of the office of director amongst the given:</p> <p>(1) When the directors absents himself from 3 consecutive meetings of Board of Directors held during a period of 12 months.</p> <p>(2) Director entering into a contract in which he is uninterested.</p> <p>(3) Order disqualifying him as Director has been made by Court or NCLT.</p> <p>(4) If he is convicted by a Court of any offence, whether involving moral turpitude or otherwise, and sentenced to imprisonment for not less than 6 months.</p> <p>(a) (1) &amp; (2).</p> <p>(b) (2) &amp; (3).</p> <p>(c) (3) &amp; (4).</p> <p>(d) (1) &amp; (4).</p> <p style="text-align: right;">[MTP-April 19]</p>
21	<p>All the three directors of Cygnus Wires Limited generally remain out of India for developing connections and securing business opportunities on behalf of the company. However, the company must strictly follow the legal requirement that at least one of its directors must stay for the specified statutory period in India. To reckon as 'resident director' for the financial year 2022-23, advise the company as to which period spent in India shall count towards statutory period.</p> <p>(a) Period spent in India during the previous financial year 2021-22.</p> <p>(b) Total of 50% each of the period spent in India during the financial year 2020-21 and 2021-22.</p> <p>(c) Period spent in India during the financial year 2022-23.</p> <p>(d) Total of 50% each of the period spent in India during the financial year 2021-22 and 2022-23.</p> <p style="text-align: right;">[RTP-May 19, MTP-Oct. 19]</p>
22	<p>Mr. Nagar a director, decided to resign from MGT Private Limited due to preoccupation. He sent his resignation letter dated 12<sup>th</sup> June, 2022 to the Company stating that he will resign w.e.f. 15<sup>th</sup> June 2022. Due to non-receipt of any communication from the Company he dropped a mail on 17<sup>th</sup> June 2022, to confirm whether Company has received his letter. Finally Company received his letter on 25<sup>th</sup> June 2022. In this case, from which date his resignation will be effective?</p> <p>(a) 12<sup>th</sup> June 2022.</p> <p>(b) 15<sup>th</sup> June 2022.</p> <p>(c) 17<sup>th</sup> June 2022.</p> <p>(d) 25<sup>th</sup> June 2022.</p> <p style="text-align: right;">[RTP-May 19]</p>

23	<p><b>Rachna, Ridhdhi, Ruby and Rakhi are directors in Zippona Tours and Travellers Private Limited whose equity shares are partly paid-up. The company required the shareholders to make payment of ₹ 3 per share (FV ₹ 10 per share) being the final call in respect of shares held by them latest by 30<sup>th</sup> June, 2022. As director, Ruby held individually 2,00,000 shares and also at the same time held jointly 1,00,000 shares along with her brother Rajesh whose name appeared first in the Register of Members. In respect of 2,00,000 shares held individually by her, Ruby duly made the payment before the last date; however, in respect of joint shareholding of 1,00,000 shares, Rajesh was unable to make payment even though six months also expired from the last day i.e. 30<sup>th</sup> June, 2022. Advise whether Ruby incurs any disqualification regarding her directorship in the company.</b></p> <p>(a) Since Rajesh's name appears first in the Register of Members, he is primarily responsible for making payment and therefore Ruby incurs no disqualification regarding her directorship in the company for non-payment of required amount in respect of joint shareholding; moreover, she has already discharged her liability in respect of shares individually held by her.</p> <p>(b) In case of joint shareholding, if Ruby earlier made payment of ₹ 7 per share from her personal bank account then she is also liable to pay ₹ 3 per share before the expiry of six months from the last date of payment i.e. 30<sup>th</sup> June, 2022; otherwise she is disqualified to be a director in the company irrespective of discharging her liability in respect shares individually is held by her.</p> <p>(c) In case of joint shareholding, Ruby as director is equally liable to get the payment made similar to her individual shareholding before the expiry of six months from the last date of payment i.e. 30<sup>th</sup> June, 2022; otherwise she is disqualified to be a director in the company.</p> <p>(d) In case of joint shareholding, Ruby as director is liable to get the payment made in respect of 50% of the joint holding and if that is done before the expiry of six months from the last date of payment i.e. 30<sup>th</sup> June, 2022, she incurs no disqualification regarding her directorship in the company irrespective of whether the remaining 50% is received by the company or not. <b>[MTP-Oct. 19]</b></p>
24	<p><b>Blue Rose Agri-Products Limited, which is inter-alia listed on National Stock Exchange, has called an extra-ordinary general meeting (EGM) of the shareholders on 29<sup>th</sup> January, 2023 at its Head Office in New Delhi to seek approval in respect of certain matters. It so happened that the company received a notice on 25<sup>th</sup> January, 2023 from the requisite number of small shareholders who proposed appointment of Shivank as their director but it refused to entertain the notice as the same was served quite late. Advise the latest date by which the small shareholders must have given the notice for the appointment of Shivank so that it was not refused by the company.</b></p> <p>(a) The notice should have been served latest by 24<sup>th</sup> January, 2023.</p> <p>(b) The notice should have been served latest by 15<sup>th</sup> January, 2023.</p> <p>(c) The notice should have been served latest by 22<sup>nd</sup> January, 2023.</p> <p>(d) The notice should have been served latest by 19<sup>th</sup> January, 20223 <b>[RTP-May 20]</b></p>
25	<p><b>Comfort Mechanical Products Limited, with Registered Office in Rajender Nagar, New Delhi, has three directors, namely, Mr. First, Mr. Second and Ms. Third, who often visit foreign countries in order to develop and secure business opportunities for the company on sustainable basis. One of the legal requirements for an Indian company is that at least one of its directors must stay in India for a specified period. To reckon as 'resident director' for the Financial Year 2022-23, advise the company by selecting the correct option as to which period spent in India by any one of its directors shall count towards statutory period.</b></p> <p>(a) Period spent in India during the previous Financial Year 2021- 22.</p> <p>(b) Total of fifty percent of the period spent in India during the Financial Year 2020 -21 and another fifty percent of the period spent in India during the Financial Year 2021-22.</p>



	(c) Total of fifty percent of the period spent in India during the Financial Year 2021-22 and another fifty percent of the period spent in India during the Financial Year 2022-23. (d) Period spent in India during the Financial Year 2022-23. <span style="float: right;">[MTP-April 22]</span>
26	<b>A public company should have minimum of</b> (a) 3 Members and 3 Directors (b) 3 Members and 7 Directors (c) 7 Members and 3 Directors (d) 7 Members and 7 Directors <span style="float: right;">[MTP-April 22]</span>
27	<b>Mr. Q, a Director of PQR Limited, is proceeding on a foreign tour covering entire Europe for four months. He proposes to appoint Mr. Y as an alternate Director to act on his behalf during his absence. The Articles of Association of PQR Limited provide for the appointment of alternate Directors. Mr. Q claims that he has a right to appoint alternate Director of his choice. Which of the following options is applicable in the given situation:</b> (a) Claim made by Mr. Q to appoint Mr. Y as alternate Director is valid as the Articles of Association of PQR Limited provide for such appointment. (b) Claim made by Mr. Q to appoint Mr. Y as alternate Director is not valid as the authority to appoint alternate Director has been vested in the Board of Directors only and that too subject to empowerment by the Articles of Association. (c) Mr. Y cannot be appointed as an alternate Director in place of Mr. Q since Mr. Q is proceeding on a foreign tour covering entire Europe for four months only which is less than the required absence of minimum six months. (d) Mr. Y cannot be appointed as an alternate Director in place of Mr. Q since Mr. Q is proceeding on a foreign tour covering entire Europe for four months which is more than the required absence of maximum three months. <span style="float: right;">[MTP-Sep. 22]</span>

### Answers Key

Q. No	Answer	
1	(d)	All of the above.
2	(b)	Except Parivaar Agro Private Limited, all other subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.
3	(d)	October 10, 2021.
4	(b)	Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director only on the requisition of 1000 small shareholders.
5	(d)	18 <sup>th</sup> June, 2022.
6	(c)	HCQ Pharma Ltd. cannot appoint Mr. Sanjay as an Independent Director as he is Managing Partner of the firm which is Legal Advisor to Genesis Laboratory Ltd., its Associate Company, and the fees charged by Mr. Sanjay exceeds the percentage as specified in the Companies Act, 2013, during one year out of the three immediately preceding financial years.
7	(c)	An enabling provision in the Articles of Association is needed which confers requisite power on the Board of Directors of MNO Pharma Limited for appointment of Additional Director.
8	(b)	It is not possible for Mr. Z to accept another directorship in RLP Mechanics Limited since he is already holding directorships in eight public limited companies and two such private limited

		companies which are subsidiaries of public limited companies.
9	(d)	In view of the fact that government companies are exempt from the provision which limits the maximum number of Directors in a company, National Software Limited can appoint two more directors, thus raising the total number of directors to sixteen from the present fourteen.
10	(b)	The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited by passing a board resolution at its meeting and such appointment of Mr. Rakesh shall be subsequently approved by the members in the immediate next general meeting.
11	(b)	The company is required to appoint a woman director since any one parameter out of the two exceeding the threshold limit shall necessitate such appointment.
12	(a)	For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000.
13	(c)	Along with existing twenty directorships he can be director only in six new companies.
14	(c)	His earlier co-director Kritika, a resident director of Ritika Hospitality Services Limited who filed DIR-12 on behalf of the company intimating the Registrar regarding resignation of Andrezi.
15	(c)	All the individual subscribers to the Memorandum shall be deemed to be the first directors.
16	(c)	Mr. Jigar will not be eligible to be appointed as a director of JKL Ltd. on the scheduled AGM but may be after expiry of five years from the date of default.
17	(c)	Latest by 18 <sup>th</sup> January, 2023.
18	(c)	Minimum 450 small shareholder must group together for getting appointed their director on the board.
19	(b)	Only Rachna is small shareholder and therefore, she can participate in the process of appointing small shareholders' directors.
20	(a)	(1) & (2)
21	(c)	Period spent in India during the Financial Year 2022-23.
22	(d)	25 <sup>th</sup> June 2022.
23	(c)	In case of joint shareholding, Ruby as director is equally liable to get the payment made similar to her individual shareholding before the expiry of six months from the last date of payment i.e. 30 <sup>th</sup> June 2022 otherwise she is disqualified to be a director in the company.
24	(b)	The notice should have been served latest by 15 <sup>th</sup> January, 2023.
25	(d)	Period spent in India during the Financial Year 2021-22.
26	(c)	7 Members and 3 Directors
27	(b)	Claim made by Mr. Q to appoint Mr. Y as alternate Director is not valid as the authority to appoint alternate Director has been vested in the Board of Directors only and that too subject to empowerment by the Articles of Association.