

7B**COMPANY LAW – II****DIRECTOR - MEANING**

As per Sec. 2(34) of the Companies Act 2013, a Director means a Director appointed to the Board of the Company.

As per Sec. 2(10) of the Act, Board or BOD means the collective body of the Directors of the company.

MINIMUM & MAXIMUM NUMBER OF DIRECTORS [SEC. 149(1)]

A private limited company shall have a minimum of 2 directors, public company shall have a minimum of 3 directors and an OPC shall have 1. However, maximum number of directors in a company shall not exceed 15. If at all, company wishes to raise it beyond 15, it shall do so by passing a special resolution in the general meeting.

DIRECTORSHIPS OF AN INDIVIDUAL (SEC. 165)

1. An individual can be a Director in 20 companies, which shall also include alternate directorships.
2. Out of these 20 companies, he cannot be a Director in more than 10 public limited companies.
3. The members of a company may by passing a special resolution specify any lesser number of companies in which a Director of the company may act as a Director.
4. Such person shall not act as a Director in more than the specified number of companies after dispatching the resignation or after the expiry of this Act, whichever is earlier.
5. For the purpose of sec 165 compliance, if a person is a Director in a Private Limited Company, which is a subsidiary of Public Ltd, he will be considered as a Director of the Public Limited Company.

6. If a person accepts an appointment as a director in contravention of above mentioned provisions, he shall be punishable with fine which shall not be less than Rs. 5,000 but which may extend to Rs. 25,000 for every day after the first day during which the contravention continues.

RESIDENCE OF A DIRECTOR IN INDIA [SEC. 149(3)]

Every company shall have atleast one Director who has stayed in India for a total period of not less than 182 days in the previous calendar year.

WOMAN DIRECTOR (SEC. 149)

1. Proviso to Sec. 149 of the Act states that such class or classes of companies as may be prescribed shall have compulsory appointment of a Woman Director.
2. The following class of companies has been provided under the rules which shall have atleast one Woman Director:
 - a. A listed company
 - b. Every other public company which has:
 - i) Paid up share capital of 100 crores or more **OR**
 - ii) Turnover of 300 crores or more.
3. If there is a vacancy created on the Board of the Company for such Woman Director, it shall be filled by the Board not later than the next board meeting or 3 months from the date of such vacancy, whichever is later.

DEFINITION OF INDEPENDENT DIRECTOR [SEC 149(6)]

Section 149(6) gives the definition of Independent Director, in relation to a company, means a director other than a managing director or a whole time director or a nominee director:

- a) Who in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) Who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) Who is not related to promoters or directors of the company, its holding, subsidiary or associate company;

- c) Who has or had no pecuniary relationship with the company its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent, or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) Who, neither himself nor any of his relative:
- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of:
 - A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent, or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent, or more of the total power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent, or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent, or more of the total voting power of the company; or
- f) Who possesses such other qualifications as may be prescribed.

DIRECTORS APPOINTED BY SMALL SHAREHOLDERS (SEC. 151)

A small shareholder means a shareholder holding shares of nominal value of not more than Rs 20,000 or such other sum as may be prescribed.

APPOINTMENT OF FIRST DIRECTORS (SEC. 152)

1. The name of the first Director is generally mentioned in the Articles.
2. If no specific names are mentioned, the subscribers to MOA and AOA who are individuals shall be deemed to be the First Directors of the Company.
3. In case of an OPC, the sole member shall be treated as a First Director, if a Director is not appointed by such company.
4. The term of such Directors shall be upto the date of the 1st GM of the company.

GENERAL PROVISIONS REGARDING THE APPOINTMENT OF DIRECTORS

1. Except as provided in the Act, every Director shall be appointed by the company in general meeting.
2. DIN is compulsory for appointment as a Director.
3. The person to be appointed as a Director shall submit a declaration to the effect that he is not disqualified to act as a director.
4. A consent to act as Director shall be filed in form DIR 2, in physical form with the company. The company shall file form DIR 12, with the ROC intimating the appointment of Director within 30 days from the date of appointment along with form DIR 2.
5. Unless the articles specifically provide, at every AGM of a public limited company, two third of the total number of Directors shall be persons, whose period of office shall be liable to determination by retirement by rotation. (proportional representation).
6. One third of such number of Directors are liable to retire by rotation, and are eligible for reappointment. However, if there number is neither 3 nor a multiple of 3, then the number nearest to $\frac{1}{3}$ rd shall retire from office.
7. The Directors whose term is longest in office shall retire first.
8. Independent directors shall not be included for the computation of total number of directors.

DUTIES OF DIRECTORS (SEC 167)

For the first time, duties of directors have been defined in the Act. A director of a company shall:

1. Act in accordance with the articles of the company.
2. Act in good faith in order to promote the objects of the company.
3. Exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. Not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
5. Not achieve any undue advantage either to himself or to his relatives, partners, or associates.
6. Not assign his office and any assignment so made shall be void.

If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than Rs. 1,00,000 but which may extend to Rs. 5,00,000.

KEY MANAGERIAL PERSONNEL [SEC 2(51)]

As per section 2(51) “key managerial personnel”, in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

MANAGING DIRECTOR [SEC 2(54)]

Managing Director means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

WHOLE TIME DIRECTOR [SEC 2(94)]

Section 2 (94) of the Companies Act, 2013 defines “whole-time director” as a director in the whole-time employment of the company.

MANAGER [2(53)]

Manager as an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Section 2(18)/(19) of the Companies Act, 2013 defined “Chief Executive Officer”/ “Chief Financial Officer” as an officer of a company, who has been designated as such by it;

COMPANY SECRETARY [SEC 2(24)]

Company Secretary means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under this Act;

APPOINTMENT OF KMP (SEC. 203 READ WITH RULE 8 AND 8A)

1. Every listed company and a public company which has a paid up share capital of Rs. 10 crores or more shall appoint the following as KMP:
 - a) MD/CEO/ Manager and in their absence a WTD
 - b) Company Secretary
 - c) Chief Financial Officer (CFO)
2. Rule 8A states that all those companies which are not covered under Rule 8 and which has paid up share capital of Rs. 5 crores or more shall have a whole time company secretary.

3. An individual who is the chairman of the company shall not be appointed as the MD or CEO at the same time unless it is made permissible by the articles of association or the companies into multiple businesses.
4. A whole time KMP shall not hold office in more than one company unless it is a subsidiary company. However, with the consent of ALL the Directors of the second company who were present at the meeting, such person can hold 2 whole time positions.
5. From the commencement of this Act, every such Director who is holding office in more than one company shall have to choose within a period of 6 months as to his Directorships.
6. Any casual vacancy created on the Board of such KMP shall be filled by the board within a period of six months from the date of such vacancy.

ANNUAL GENERAL MEETING [AGM] (SEC. 96)

Section 96 provides that “every company” other than an OPC is required to hold an AGM every year.

Businesses:-

1. Consideration of financial statements & the report of Board & Auditors.
2. Declaration of any dividend.
3. Appointment of Directors in place of those retiring.
4. Appointment of Auditors and fixing their remuneration.

Holding of an Annual General Meeting:-

- i. Annual General Meeting should be held once every year.
- ii. First Annual General Meeting should be held within 9 months from the closing of first financial year. However, an Annual General Meeting is not required to be held in the year of its incorporation.
- iii. All the subsequent Annual General Meetings shall be held within 6 months from the end of Financial Year.
- iv. The gap between 2 AGM's should not exceed 15 months.

Extension of validity period of Annual General Meeting:-

Registrar may on special reasons & on request of the company extend the period of holding an Annual General Meeting by not more than 3 months. No such extension is allowed in the case of first Annual General Meeting.

Time and Place for holding an Annual General Meeting:-

1. An Annual General Meeting shall be held during business hours i.e. between 9.00 a.m. & 6.00 p.m.
2. It shall be held on any day which is not a national holiday.
3. It shall be either held at the registered office of the company or some other place in the same city, town or village where the registered office of the company is situated.
4. Central Government is empowered to exempt any of the conditions as stated above.
5. National holiday here means a day declared by the Central Government as national holiday.

Exceptions:-

1. Act of God.
2. If delayed for any reason, the Annual General Meeting held on later date is valid, provided the company pays the penalty.
3. The Annual General Meeting is valid even if it is held on later date if there is a massive strike or lockout etc.

Default in holding the annual general meeting:

Section 99 provides that if any default is made in complying or holding a meeting of the company, the company and every officer of the company who is in default shall be punishable with fine which may extend to 1 lakh and in case of continuing default, with a further fine which may extend to Rs. 5,000/- for each day during which such default continues.

If any default is made in holding the annual general meeting of a company, any member of the company may make an application to the Tribunal to call or direct the calling of, an annual general meeting of the company and give such ancillary or consequential directions as the Tribunal thinks expedient. Such directions may include a direction that

one member of the company present in person or by proxy shall be deemed to constitute a meeting.

EXTRA-ORDINARY GENERAL MEETING (EGM) (SEC 100)

All General Meetings other than Annual General Meeting's are called EGMs.

Calling of an Extra-ordinary General Meeting:

EGM can be called by any of the following means:

i. By Board :

The Board may at any time call for an EGM.

ii. By Board of Requisition :

a) If the company has share capital, members who held $\frac{1}{10}$ th of the total paid up share capital of the company on the date of request, may request for an EGM.

b) In case of a company having no share capital, members holding $\frac{1}{10}$ th of the total voting power may request for an EGM.

The Board may within 21 days from the date of receipt of a request proceed to call for a meeting on a day not later than 45 days from the date of such requisition.

iii. By Requisitionists :-

If the Board does not take necessary steps within a period of 21 days from the date of request, the Requisitionists may on their own call for a meeting of members, within a period of 3 months from the date of such request.

Any expenses borne by the Requisitionists for calling of such meeting shall be recovered from the company & the company may in turn recover the same from the defaulting Director.

In case of such a meeting, if the quorum is not present within half an hour, the meeting shall stand "CANCELLED".

Rules:-

1. Notice of such meeting shall be given to all the members of the company by the Requisitionists on a day which serves a 21 days clear notice either in physical form or in electronic mode.
2. The notice shall specify time, place, day date & the business to be transacted there at.

The meeting shall be held either at the Registered Office of the company or in the same city, town or village where such Registered Office is situated and it should be held on a working day.
3. The notice shall be signed by all the Requisitionists or any person duly authorized in writing.
4. No explanatory statement is required to be attached to the notice & the reasons thereof may be given at the meeting.
5. The notice of the meeting shall be given to those members whose names appear in the register of members, within 3 days from the date of receipt of valid request calling for an EGM.
6. The notice shall be sent by speed post, registered post or through electronic mode.

iv. By Tribunal :

The tribunal may either suo moto or on the request of a Director or a member entitled to vote, call for an EGM. In such a case, even if one member is present, it shall constitute a valid quorum for the meeting.

NOTICE OF MEETINGS [SEC. 101]

1. A 21 days clear notice is required to be given to all the shareholders in writing or through electronic mode.
2. A shorter notice may be allowed, if consent is given by 95% of the members entitled to vote either in writing or through electronic mode.

DATE, TIME AND PLACE OF THE MEETING [SEC. 96]

1. Annual General Meeting can be held on any day which is not a national holiday.
2. An EGM, however, can be held on any working day.
3. An Annual General Meeting shall be held during business hours i.e. between 9 a.m. to 6 p.m. However, no such time is prescribed for an EGM.
4. Both Annual General Meeting and an EGM shall be held either at the Registered Office of the Company or at any place within the same city, town or village.

Even in case of meeting called by Requisitionists, the meeting should be held at the same place as stated above.

AGENDA OF THE MEETING [SEC. 102]

A detailed agenda of the meeting must be circulated along with the notice to the directors. In case of any special business, an explanatory statement shall be attached to the notice.

NOTICE THROUGH ELECTRONIC MODE

A company may give notice through electronic mode. Electronic mode' means any communication sent by a company through its authorized and secured computer programme which is capable of producing confirmation and keeping record of such communication addressed to the person entitled to receive such communication at the last electronic mail address provided by the member.

CLASS MEETINGS

Class meetings are those meetings which are held by holders of a particular class of shares/ debenture holders/ creditors.

MEETINGS OF THE BOARD (SEC. 173)

1. First Board Meeting of the Company shall be held within 30 days of the date of incorporation.
2. A minimum of four meetings shall be held every year and the gap between two such meetings shall not be more than 120 days.

3. In case of One Person Company, Small Company or Dormant Company, atleast one meeting shall be conducted in each half of the calendar year and the minimum gap between these two meetings shall be atleast 90 days.
4. As per the Companies Act 2013, the company has to file the resolutions of the board meetings of certain specified agenda to RoC in e-form MGT-14.

NOTICE OF BOARD MEETINGS

1. Not less than 7 days notice in writing shall be given to every director at registered address available with the company.
2. The notice may be given by hand delivery or post or by electronic means.
3. Board Meeting may also be called at a shorter notice. Atleast one independent director shall be present at such meeting.
4. As per SS- 1 “Secretarial Standard on Meetings of the Board of Directors” issued by ICSI, not less than seven days notice in writing shall be given to every director. The notice can be given by hand delivery or by post or by electronic means. The notice of board meeting shall specify the serial number, day, date, time and full address of the venue of the Meeting.
5. In case the Board meeting is called at shorter notice, at least one Independent Director shall be present at such Meeting. If no Independent Director is present, decisions taken at such a Meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director.
6. In case the company does not have an Independent Director, the decisions shall be final only on ratification thereof by a majority of the Directors of the company, unless such decisions were approved at the Meeting itself by a majority of Directors of the company.

QUORUM FOR BOARD MEETINGS (SEC. 174)

1. The quorum for every board meeting shall be one third of the total strength of the directors or two, whichever is higher.
2. If due to resignation or removal, if the number of directors falls below the required quorum, then the remaining directors shall first appoint more directors to meet the quorum and then carry the business.
3. For determining quorum, directors' present through video conferencing or audio visual mode shall also be counted.
4. If the number of interested directors exceeds or is equal to two third of the total strength, then non interested directors shall form the quorum provided minimum of two such directors are present.
5. If the meeting is adjourned for the want of quorum, it shall be held in the next week at the same time and place unless anything contrary is provided in the articles.
6. If the adjourned meeting falls on a national holiday, then it shall be held on the next day at the same time and place.

POWERS OF THE BOARD [SEC. 179]

The Board of Directors of the Company, without the permission of shareholders may exercise following powers namely:

1. To make calls on shareholders in respect of money unpaid on their shares;
2. To authorize buy-back of securities under section 68;
3. To issue securities, including debentures, whether in or outside India;
4. To borrow monies;
5. To invest the funds of the company;
6. To grant loans or give guarantee or provide security in respect of loans;
7. To approve financial statement and the Board's report;
8. To diversify the business of the company.
9. To approve amalgamation, merger or reconstruction;
10. To take over a company or acquire a controlling or substantial stake in another company;
11. To make political contributions;

12. To appoint or remove key managerial personnel (KMP);
13. To take note of appointment(s) or removal(s) of one level below the Key Management Personnel;
14. To appoint internal auditors and secretarial auditor;
15. To take note of the disclosure of director's interest and shareholding;
16. To buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid-up share capital and free reserves of the investee company.
17. To invite or accept or renew public deposits and related matters;
18. To review or change the terms and conditions of public deposit;
19. To approve quarterly, half yearly and annual financial statements or financial results as the case may be.

APPOINTMENT OF WHOLE TIME COMPANY SECRETARY

As per Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 provides that a company which has a paid up capital of Five crore rupees or more shall have a whole-time company secretary.

FUNCTIONS OF COMPANY SECRETARY

According to Section 205 of the Companies Act, 2013 the functions of the company secretary shall include,—

- (a) to report to the Board about compliance applicable to the company;
- (b) to ensure that the company complies with the applicable secretarial standards;
- (c) to discharge such other duties as may be prescribed;
- (d) to provide to the directors, such guidance as they may require, with regard to their duties, responsibilities and powers;
- (e) to facilitate the convening of meetings and attend Board, committee and general meetings, and maintain the minutes of these meetings;
- (f) to obtain approvals from the Board, general meetings, the Government and such other authorities as required under the provisions of the Act;
- (g) to represent before various regulators, Tribunal and other authorities under the Act in connection with discharge of various functions under the Act;

- (h) to assist the Board in the conduct of the affairs of the company;
- (i) to assist and advise the Board in ensuring good corporate governance practices;
- (j) to discharge such other duties as may be assigned by the Board from time to time;

AUTHORITIES UNDER THE COMPANIES ACT, 2013

- Registrar of Company
- Official liquidator
- Regional Director
- National Company Law Tribunal (NCLT)
- National Company Law Appellate Tribunal (NCLAT)

ROLE OF A SECRETARY

- His role is not limited only to company but also to shareholders, creditors, employees, consumer, society and Government. He has the following roles to play:
 - (a) Statutory officer/Key Managerial Personnel.
 - (b) Co-ordinator
 - (c) Administrative officer

Statutory Officer:

- 'Officer' includes any director, manager, secretary or any person in accordance with whose directions or instructions the BOD is or are accustomed to act.
- He can be assigned managerial duties in addition to his statutory duties.
- He is responsible for strict compliance of following provisions of Companies Act:
 - (i) to sign the Annual Return filed with ROC.
 - (ii) authenticate the financial statement.
 - (iii) to make declaration before incorporation of a company confirming all the requirements of the Act and rules have been complied with.
 - (iv) to make declarations regarding commencement of business.
 - (v) to see share certificates, debentures, letter of allotment, mortgages are issued duly stamped.
 - (vi) comply with the provisions of various statutes.
- He is also responsible to comply with provisions of various other Acts.

Co-ordinator:

- He has to ensure that the policies managerial of BOD are effectively implemented and executed.
- He co-ordinates the work of executives at different levels.
- He acts as an important link between top management (Board) and other levels.
- He is known as '**Mouthpiece of Board.**'
- Even plays the role of a coordinator with outsiders like shareholders, society and the Government.
- This role has two aspects - Internal and External.

Internal Role:**(i) Relating to Board, Chairman and MD:**

- (a) Responsible for conveying the Boards decision to persons in charge of such functions.
- (b) responsible to ensure that the returns and reports received from various operational executives are submitted in time complete in ail respects.
- (c) Communicates with outside agencies like government and semigovernment bodies to ensure that the information given to various agencies do not conflict with each other, and are in accordance with statutory requirements and objectives of the organisation.

(ii) Relating to Trade Unions:

- (a) Ensure whether trade union officials are recognized or not.
- (b) Ensure that good labour relations are maintained.
- (c) During any agreement with trade union, he should make proper note of it so as to avoid any misunderstanding or deutes later on.
- (d) Ensure strict compliance with provisions of different labour welfare laws.
- (e) Whenever long term settlement is finalised, ensure that it is in accordance with relevant statues.
- (f) Wherever possible grants and subsidies should be given.
- (g) Before employees guilty of misconduct are charge-sheeted and punished, all formalities must be completed.

External Role:**(i) Relating to Shareholders:**

- (a) Ensure that their rights are honoured in time
- (b) Extracts of registers asked by them are supplied to them within stipulated time
- (c) Ensure that all letters and complaints from them are promptly dealt with and their queries are answered without violating the statutory provisions.
- (d) Maintain proper relationship with shareholders of the company.
- (e) He should attend the shareholders who personally come for information, to furnish documents or details as image of company depends upon relationship of CS with shareholders.

(ii) Relating to Government:

- (a) Ensure strict compliance with provisions of Companies Act,, and other laws.
- (b) Must see that government policies are being implemented by company in true spirit.
- (c) Advise Board about changing government's policy.
- (d) Ensure that information send to the government is factually correct.
- (e) Helps in uniform reporting.

(iii) Relating to Community:

- (a) Advise Board regarding areas where company can. make useful contribution.
- (b) Ensure that company should provide quality goods and services at reasonable policies.
- (c) Ensure that requirement of keeping pollution within legally and socially acceptable limits are complied with.
- (d) Ensure promotion of employment opportunities.
- (e) Undertake rural development.

Administrative Officer

- (a) Ensure that company's activities are in conformity with companies policy
- (b) Supervise, control and coordinate the functions of different departments.
- (c) Advise BOD on the need to develop good structure.

- (d) Has an opportunity of knowing the strengths and weaknesses of the functional executives.
- (e) Analytically study various financial statements.
- (f) Devise suitable system of accounting procedure, internal control and internal audit in order to safeguard company's funds.
- (g) Responsible for various office services including their cost.
- (h) Can render valuable advice to BOD regarding the recruitment, training, remuneration, etc. of staff.
- (i) Ensure safety and proper maintenance of assets and properties of the company.
- (j) Ensure that property and other records are properly insured.
- (k) All records are maintained properly.
- (l) Ensure that statutory time limits relating to meetings, dividend and interest filing of payment returns etc. are complied with.
- (m) Has to negotiate with banks and financial institutions, the terms of finance both for working capital requirement and capital expenditure.
- (n) Different office departments, are properly staffed, organised, co-ordinated and supervised.
- (o) Timely renewal of contracts and leases.
- (p) Ensure that adequate system of security of personnel are available.

E GOVERNANCE AND MCA 21

1. Electronic Governance is the application of Information Technology to the Government functioning in order to bring about Simple, Moral, Accountable, Responsive and Transparent (SMART) Governance.
2. As part of the Government's focus on governance norms to meet the expectations arising from globalization, MCA project was launched as a flagship initiative of Ministry of Corporate Affairs (MCA). The project was named MCA 21 as it aimed at repositioning MCA as an organization capable of fulfilling the aspirations of its stakeholders in the 21st Century.

3. Rather than compelling the business community to physically travel to MCA offices, MCA services are made available at the place of their choice, be it their homes or offices. The scope of MCA 21 includes services provided by the Regional Directors (RDs), Offices of Registrar of Companies (ROCs) and the Ministry Headquarters etc . MCA 21 fully automates all processes related to the proactive enforcement and compliance of the legal requirements under the Companies Act, 2013.

4. E-filing facility includes incorporation of new companies, filing annual return and other statutory returns, registration and verification of charges and processing of various approvals/ clearances etc. applied on time. Besides, inspection of company documents, request for certified copies is also facilitated through MCA portal.

Multiple Choice Questions

1. Which of the following statement is correct?

- (a) The joint shareholders are counted as one member for the membership of a private company.
- (b) The joint shareholders are counted as one member for the quorum of a meeting.
- (c) The joint shareholders are always counted as different member for all the provision of the Companies Act.
- (d) Both (a) and (b) are correct as there are specific provisions to that effect.

2. The subscribers to the Memorandum of Association

- (a) May become members only if there is a specific provision to that effect in company's Articles of Association.
- (b) Become a member as soon as the company is registered.
- (c) Are members irrespective of any formality as to registration etc.
- (d) Can never be the members as their only job is to get the company registered.

3. A person ceases to be a member when the share warrant is issued to him in exchange of fully paid up shares.

- (a) True
- (b) False
- (c) Partly true
- (d) Partly false

4. Every company (whether public or private) is required to hold an annual general meeting.

- (a) True
- (b) False
- (c) Partly true
- (d) Partly false

5. Which of the following statement is not correct?

- (a) In case the company fails to hold annual general meeting it can be held at the instance of Central Government.
- (b) An Extra-Ordinary meeting can be called only at the instance of Tribunal.
- (c) The proper authority for calling a general meeting is the Board of Directors.
- (d) There must be one annual general meeting per year and as many meetings as there are years.

6. Can the Annual General meeting (A.G.M.) be held on a day which has been declared as a public holiday by the Central Government.

- (a) Yes, but only if the notice of convening the A.G.M. has been issued ' prior to the declaration of the holiday.
- (b) No, as the A.G.M. cannot be held on a public holiday.
- (c) Both (a) and (b)
- (d) None of the above

7. is a bridge between BOD and shareholders.

- (a) Directors (b) Company Secretary
- (c) Chartered Accountant (d) Employees

8. DIN Stands for:

- (a) Direct Identification Number
- (b) Director's Identity Number
- (c) Direct Identity Name
- (d) Director's Identification Number

9. of the total number of directors shall be non-rotational

- (a) $\frac{1}{3}$ rd (b) $\frac{2}{3}$ rd
- (c) $\frac{1}{2}$ nd (d) $\frac{1}{5}$ th

10. The managing director must be:

- (a) Director (b) Employee (c) Officer (d) Debenture Holder

11. EGM can be called by:

- (a) BOD
- (b) Requisitionists
- (c) Tribunal
- (d) All of the above

12. When a valid requisition is given by member for holding EGM, the BOD should call EGM:

- (a) Within 14 Days (b) Within 15 Days
- (c) Within 21 Days (d) Within 1 month

13. Resolution requiring special notice is required:

- (a) For appointment of a person as an auditor other than the retiring auditor at the AGM
- (b) For removing a Director before the Expiry of the period of his office
- (c) For both (a) and (b)
- (d) For none of the above

14. Alternate director shall hold office only upto the date of next AGM.

- (a) True (b) False
- (c) Partly true (d) Partly false

15. Additional director is studied u/s .

- (a) 163 (b) 160
- (c) 164 (d) 161 (i)

16. Director can be removed before the expiry of his term by passing

a

- (a) Special resolution (b) Ordinary resolution
- (c) Both (a) and (b) (d) None of the above

17. Shareholders cannot interfere in the general meeting if directors:

- (a) Act bonafide (b) Are themselves the wrong doers

(c) Are incompetent (d) Cannot exercise some powers

18. Company can have both a manager and a Managing Director.

(a) True (b) False

(c) Partly True (d) Partly False

19. A departmental manager or a branch manager can also be deemed as a director.

(a) True (b) False

(c) Partly True (d) Partly False

20. Term of office of MD cannot exceed years at a time.

(a) 2 (b) 3

(c) 4 (d) 5

21. If a resolution is to be decided by the way of show of hands -

(a) Every shareholder has one vote

(b) Every shareholder has as many votes as the shares held by him.

(c) Both (a) and (b)

(d) None of the above

22. All business transacted at EGM is business.

(a) Special (b) Ordinary

(c) Both (a) and (b) (d) None

23. Both AGM and EGM can be held on a public holiday

(a) True (b) False

(c) Partly True (d) Partly False

24. All the proceeding of Board meetings shall be if proper notice has not been served.

(a) Valid (b) Void

(c) Partly valid (d) Partly void

25. Secretary must be a member of:

- (a) ICAI (b) ICWA
- (c) ICSI (d) None

26. A whole time secretary has to be appointed by companies having paid up capital of or more.

- (a) 1cr (b) 2cr
- (c) 4cr (d) 5cr

27. is known as a mouthpiece of Board.

- (a) Managing director
- (b) Chartered Accountant
- (c) Company Secretary
- (d) Manager

28. MCA Stands for:

- (a) Ministry of Corporate Affairs
- (b) Minister of Corporate Affairs
- (c) Minister of Corporate Accounts
- (d) Ministry of Corporate Accounts

29. Preference shareholders do not possess the following rights:

- (a) Payment of dividend
- (b) Rights to attend meeting
- (c) Claim on assets of the company
- (d) Repayment of capital

30. A secretary in a company, does not perform the role of:

- (a) A coordinator
- (b) A legal officer
- (c) An administrative officer
- (d) A director

31. Directors are _of a company.
(a) Head (b) Member
(c) Management Incharge (d) Brain
32. A meeting of the Board of Directors must be held in every 3 months and at least meetings must be held every year.
(a) Once, 4 (b) Twice, 8
(c) Not req, 4 (d) Not req, 8
33. has the power to exercise his casting vote for deciding the matter.
(a) CEO (b) G.M.
(c) Directors (d) Chairman
34. Who can be the director of the company
(a) Undischarged insolvent
(b) Unsound mind
(c) Person disqualified by the Tribunal
(d) None of these
35. If a director has failed to file annual account & annual returns for continuous years, then he will not be eligible to be appointed as a director of any other public company for a period of years.
(a) 3, 8 (b) 3, 6
(c) 3,5 (d) 4, 5
36. Who cannot be the director under Sec. 149(1) of the Companies Act, 2013
(a) Body corporate
(b) Associations
(c) Firm
(d) All of these

37. The removal of director's rests with the following authorities.

- (a) Tribunal
- (b) NCLT
- (c) The Company in G.M.
- (d) Both (b) & (c)

38. A person compulsorily needs to obtain to become a director in pursuance of Sec. 154 of the Companies Act, 2013

- (a) SST (b) PAN
- (c) DIN (d) DAN

39. No. of directors need a special resolution in GM, if they are beyond .

- (a) 6 . (b) 15
- (c) 18 (d) 24

40. A legal representative of a deceased share holder is a share holder even if his name is not entered in the register of members

- (a) False (b) True
- (c) Partly True (d) Partly False

41. The term member and director of a company are synonymous.

- (a) False (b) True
- (c) Partly True (d) Partly False

42. Receiving dividend is a group right of share holders.

- (a) True (b) False
- (c) Partly True (d) Partly False

43. Preference share holders have a right to vote on every resolution of a company.

- (a) True (b) False
- (c) Party True (d) Partly False

44. Sec. 96(i) of the Companies Act, 2013 states that every company must, in each calendar year hold an AGM, so specified in the notice calling it, provided that not more than months shall elapse between two AGM's.

(a) 12 (b) 14

(c) 18 (d) 15

45. A company can hold its first AGM within months from date of its incorporation.

(a) 12 (b) 15

(c) 9 (d) None of these

46. Registrar can grant for some special reasons extension of time for holding the AGM by a period not more than months.

(a) 5 (b) 3

(c) 12 (d) 18

47. If a company makes default in holding AGM, then fine imposed on the company & every officer of the company who is in default is upto

(a) 25,000 (b) 50,000

(c) 5,000 (d) 1,00,000

48. A board meeting can be held anywhere

(a) True (b) False

(c) Partly True (d) Partly False

49. A business can be transacted at a board meeting even if it is not mentioned in the agenda

(a) True (b) False

(c) Partly True (d) Partly False

50. Companies having paid up capital of not less than 5 crore must have secretary.

(a) Whole time (b) Part time

(c) Not required (d) None of these

51. The disqualification for being appointed as a director are contained in which section of Companies Act, 2013?
- (a) Sec. 164 (b) Sec. 166
(c) Sec. 170 (d) None of the above
52. Who amongst the following cannot appoint a director in a company?
- (a) Shareholders (b) Board of Directors
(c) Articles (d) Court
53. The directors appointed in a company on an application made under Sec. 241 are appointed by.
- (a) Auditor (b) Tribunal
(c) Central Government (d) None of the above
54. Which of the following statement is NOT true?
- (a) The power to make calls can only be exercised at the Board Meeting
(b) The company can have both managing director and manager
(c) A director cannot be removed by the State Government
(d) None of the above
55. A person is disqualified from being appointed as a managing director if -
- (a) He is insolvent
(b) He is convicted by court
(c) Suspends payment to his creditors
(d) All of the above
56. The shares issued for providing know how, intellectual property rights, etc. are called
- (a) Golden shares (b) Right shares
(c) Sweat Equity shares (d) Bonus shares

57. Preference shares carry preferential rights with respect to

- (a) Payment of dividend
- (b) Repayment of capital
- (c) Both (a) & (b)
- (d) Neither (a) nor (b)

58. Which of the following statement is true?

- (a) A person having share warrant is a member of the company
- (b) A person having share warrant is only a shareholder of the company and not a member
- (c) A legal representative of a deceased shareholder is not a shareholder of a company
- (d) All of the above

59. Which of the following statement is false?

- (a) Equity shares have a right to vote on every resolution of the company
- (b) Preference shares cannot vote on all the resolutions of the company
- (c) All the equity shareholders have equal voting rights
- (d) All of the above

60. Which one of the following statements is not true in respect of holding the Annual General Meeting?

- (a) AGM should be held in every calendar year
- (b) AGM should be held within six months from the end of financial year
- (c) The gap between two AGM's should not exceed fifteen months
- (d) Private company is not required to hold an AGM

61. Which of the following business is NOT transacted at the AGM?

- (a) Appointment of directors
- (b) Declaration of dividend
- (c) Appointment of auditors
- (d) Making calls on shares

62. The proportion of directors which shall retire by rotation in a public company is
(a) One - Third (b) One - Fifth
(c) Half (d) Two - Third
63. The meeting which is held by a particular category of shareholders is called as
(a) Class Meeting (b) Specific Meeting
(c) Sporadic Meeting (d) None of the above
64. Which of the following statement is NOT correct with respect to a Board Meeting?
(a) No time limit for serving the notice is prescribed by the Act.
(b) The Board meeting should be held only at the registered office of the company
(c) The Board meeting can also be held on a public holiday
(d) The BM can be held even after the normal business hours
65. It is compulsory for a company to appoint a Company Secretary if
(a) The paid up share capital is 5 crore or more
(b) The paid up share capital is 10 crore or more
(c) The annual turnover of the company exceeds 100 crore
(d) If the net profit of the company is more than 2 crore
66. Which one of the following is not a power of a Secretary?
(a) The acts directed to him by the Board
(b) The acts required to perform in order to discharge his duties
(c) The acts required to be performed under an Act
(d) Calling up the Board Meeting
67. As per Sec. 2(35) of the Income Tax Act, 1961, a Company Secretary is
(a) Manager - (b) Principle officer
(c) Coordinator (d) None of the above

68. MCA stands for

- (a) Ministry of Corporate affairs
- (b) Manager of Company Accounts
- (c) Ministry of Corporate
- (d) None of the above Administration

69. BOOT stands for

- (a) Building Optimum Operational Tools
- (b) Budgetary Online Operational Technology
- (c) Build, Organise, Operate and Transfer
- (d) Build, Operate, Own and Transfer

70. Which amongst the following is NOT a role of a Company Secretary?

- (a) As a statutory officer
- (b) As an administrative officer
- (c) As a coordinator
- (d) As a manager

71. Which of the following task is not required to be performed by a Company Secretary?

- (a) Communicating results to the interested parties
- (b) Signing the annual return
- (c) Sending notice of meetings to the Directors
- (d) Assisting the liquidator in the winding up of the company

72. The length of the notice of GM is stated under which section of the Companies Act, 2013

- (a) Sec. 101 (b) Sec. 102
- (c) Sec. 108 (d) None of the above

Answers

1	(d)	2	(b)	3	(a)	4	(a)	5	(b)	6	(a)
7	(b)	8	(d)	9	(a)	10	(a)	11	(d)	12	(c)
13	(c)	14	(b)	15	(d)	16	(b)	17	(a)	18	(b)
19	(b)	20	(d)	21	(a)	22	(a)	23	(c)	24	(b)
25	(G)	26	(d)	27	(c)	28	(a)	29	(c)	30	(d)
31	(d)	32	(a)	33	(d)	34	(d)	35	(c)	36	(a)
37	(d)	38	(c)	39	(b)	40	(b)	41	(a)	42	(b)
43	(b)	44	(d)	45	(c)	46	(b)	47	(d)	48	(a)
49	(b)	50	(a)	51	(a)	52	(d)	53	(b)	54	(b)
55	(d)	56	(c)	57	(c)	58	(b)	59	(c)	60	(d)
61	(d)	62	(d)	63	(a)	64	(b)	65	(a)	66	(d)
67	(b)	68	(a)	69	(d)	70	(d)	71	(a)	72	(a)