

Roll No.....

*Time allowed : 3 hours*

*Maximum marks : 100*

*Total number of questions : 6*

*Total number of printed pages : 7*

**NOTE :** 1. *Answer ALL Questions.*

2. *All references to sections relate to the Companies Act, 2013 unless stated otherwise.*

1. Comment on the following statements :

- (a) Investigation by Serious Fraud Investigation Office under Section 212 of Companies Act, 2013 can be initiated by Central Government.
- (b) Central Government can cancel a Director Identification Number already issued, for any grounds which it deems fit.
- (c) Investments held by a company shall be held only in the name of Company.
- (d) Contracts made before the incorporation of the company cannot bind the company.

*(5 marks each)*

***Attempt all parts of either Q. No. 2 or Q. No. 2A***

2. Distinguish between the following :

- (a) Company and Hindu undivided family.
- (b) Consolidated Financial Statement and Abridged Financial Statement.
- (c) Pre-emptive Rights and Preferential Rights.
- (d) Nominee Director and Independent Director.

*(4 marks each)*

*OR (Alternate question to Q. No. 2)*

- 2A. (i) Growing Ltd., a start up company with a total member base of 170 is thinking of an alteration in the objects clause to include new businesses holding potential in present times. Directors have convened a general meeting to take shareholders' consent on this matter. In light of the relevant provisions of the Companies Act, help the directors to decide the right course of action.
- (ii) A newly appointed Company Secretary of Overseas Ltd. with its headquarter in Kolkata discovered that the Company, four months ago, had created a floating charge on its assets located in Bhutan for raising a new loan and to continue its expansion of business smoothly. There was no filing of form CHG-1 and the officers believe that the charge created related to properties in Bhutan and hence no formalities were needed with ROC in India. Evaluate the stand taken and what are the options available with the Company Secretary now in this regard.
- (iii) American Amalgamation is a company incorporated in USA and does not have a place of business in India. It would like to merge with an Indian company. The auditors and secretary of the Indian company are of the opinion that an Indian company cannot merge with a foreign company unless they have a place of business in India. Offer your opinion in this regard.
- (iv) Rayan Music Corporation Ltd. is a company which has recently issued shares and completed allotment. Now it is in the process of issuing the share certificates. There arose a doubt as to whether the share certificate has to be signed by all directors. The company has a common seal. Advise the company on the issue of signing and affixing the seal on the share certificate to be issued.

(4 marks each)

: 3 :

*Attempt all parts of either Q. No. 3 or Q. No. 3A*

3. (a) Nozama International Ltd has a consistent dividend policy in the past 5 years paying 10% dividend, and although during the current year it sustained a loss but it wanted to keep up its reputation and declared 12% dividend to its shareholders. Referring to the provisions of the Companies Act, 2013, advise the company as to how this can be done.
- (b) Nazim, a director of Arabian Foods Ltd filed a complaint of oppression in the Tribunal for relief u/s 241 against the company for alleged acts of excessive expenditure in the books of accounts and disposal of assets of the company at very low prices, etc. His application was rejected by the Tribunal and hence he preferred an appeal to the High Court against such an order ? Will he succeed in this case ?
- (c) Sigma Ltd is an unlisted company with a paid up capital of ₹ 6 Crore and annual turnover of ₹ 55 Crore. The company filed its annual return with the ROC within sixty days from the date of AGM duly signed by the Director Finance only. Is there any lapse in compliance with Section 92 of Companies Act, 2013 ? Comment.
- (d) Under what circumstances can a public company pay total managerial remuneration to its directors including managing director, whole time director and manager in excess of 11% of the net profits of the company in a financial year ?

*(4 marks each)*

*OR (Alternate question to Q. No. 3)*

- 3A.** (i) Board of directors of Gullible Ltd has finalized their CSR policy. Where and how does the company need to disclose this policy ?
- (ii) Lakshay bought the shares of Blue Ladder Ltd in the public offer relying on claims made in the prospectus which was explained in detail by the Merchant Bankers. The company was involved in a governance scam and posted losses whereby the claims of prospectus proved false and untrue. Runa the sister of Lakshay filed a suit for untrue statements in the prospectus. Decide the admissibility of a suit filed ?
- (iii) Lajawab Cooperative Society is involved in processing and marketing activities of agricultural produce of its members working in the States of Orissa, Bihar and Jharkhand and is registered under Multi-State Co-operative Societies Act, 2002. Members of Lajawab Cooperative are desirous of forming themselves as a company. Is it possible ? How ?
- (iv) A group of four friends who had applied and were allotted shares in joint names required the company to enter all their names in the register of members. Further, they also required the company to split the total shares held by them into four equal number and requested the Company to enter each of their names as the first name and other three names in the order they specified. The company refused to accept their request stating that the Articles of Association of the Company (AoA) does not have a specific provision for doing so, while the AoA did not provide otherwise too. Comment.

*(4 marks each)*

: 5 :

4. (a) Jas Company Private Ltd did not file its annual returns for the past several years. Hence, the Registrar of Companies (RoC) made an application to the Tribunal for winding up of the company stating that the company defaulted in filing annual returns and business of the company is conducted in fraudulent manner. But the company argued that filing of annual return for a private company is not a must and Tribunal does not have jurisdiction on the matters cited by the RoC. Whether RoC would succeed in his attempt ?
- (b) A Company is desirous of calling an urgent meeting of its board in the next four days. The executive director wants to know from you the process to be followed for convening this meeting ?
- (c) For the purposes of e-voting, Oriental Ltd has appointed you, a practicing Company Secretary as its scrutinizer. What will be your duties in the process of e-voting and its successful completion ?
- (d) ABC Ltd is a company where 40% of share capital is held by Central Government, 40% by Uttar Pradesh Government and 10% each by LIC and ONGC. During secretarial audit it was noticed that the company has not maintained a register pertaining to particulars of directors and their shareholding. Directors argued that being a government company, provisions of Section 170 are not applicable and hence no wrong has been committed. Are the directors right ?

(4 marks each)

5. (a) You are a Company Secretary in practice and your three old architect friends have approached you for setting up their Limited Liability Partnership (LLP). They seek your help in incorporating the LLP as per the provisions of Limited Liability Partnership Act, 2008 and finalizing the incorporation document. Guide them with the requirements for setting up an LLP and inclusion of important clauses to be included in the incorporation document. Make necessary assumptions needed.
- (b) Mention the steps to be taken, formalities to be fulfilled, forms to be filled for incorporation of a company as per the provisions of Companies Act, 2013.

*(8 marks each)*

6. (a) Inspiration Limited is a listed company which is sitting on a pile of huge cash flows. With an understanding of the current times, the directors of the company are intending to buyback ₹ 100 lakh shares (of the total paid up capital of ₹ 500 lakhs) for better capitalizations and effective fund management. Directors have decided to hold the board meeting in the following week to approve the buyback process and implement the same. Evaluate the course of action to be adopted by directors.

*(4 marks)*

- (b) Serious Ltd is a listed company with a turnover of ₹ 75 crore as per last year's balance sheet. Company was facing investigation under section 210(1) wherein government issued orders requiring the company to deposit security of ₹ 30,000 towards expenses of investigation. Happy, the compliance officer deposits a sum of ₹ 10,000 which he feels is the appropriate amount. Is Happy right ?

*(4 marks)*

: 7 :

- (c) An individual deceitfully impersonated himself as the transferee and got the shares transferred in his name. He also received the accruals like bonus, dividend etc. on such shares. After sometime this fraud by the individual was noticed and the Secretary argued that Company law did not have provisions to punish the person but under Criminal Law, a case can be filed to punish the individual. The directors accepted this suggestion. Offer your comments as an expert in Company Law.

(4 marks)

- (d) ARC Finance and Investments Ltd (ARCFIL) registered with the RBI under Section 45-IA of the RBI Act as a non-banking finance company (NBFC), has about ₹ 100 crore of debenture maturing in the current year which was issued 5 years before as a public offer. What is the debenture redemption reserve (DRR) to be created by such a company ? In case ARCFIL is a listed company and the above amount was obtained by privately placed debentures, what is the DRR to be created now ?

(4 marks)

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