

*Roll No. ....*

*Time allowed : 3 hours*

*Maximum marks : 100*

*Total number of questions : 6*

*Total number of printed pages : 12*

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

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

**PART—I**

1. Comment on the following referring to the provisions of the Companies Act, 2013 :
- (a) Failure to distribute dividend always attracts punishment.
  - (b) Niraj, who is a practicing Company Secretary has given an opinion to the Board of directors of a company that in case of a merger of wholly owned subsidiary into parent company, there is no requirement to convene meeting of Equity Shareholders, Secured and Unsecured Creditors.
  - (c) Ritesh was appointed as a Director, Finance of a listed company. During his meeting with the statutory auditor, he represented that since Chief Financial Officer (CFO) who is a Chartered Accountant has already finalized the financial statements, he as well as the Board of directors doesn't have any responsibilities in so far as preparation of financial statements are concerned.
  - (d) Every holder of securities of a company may, at any time, nominate any person to whom his securities shall vest in the event of his death.

*(5 marks each)*

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

2. (a) Ranveer, Chief Financial Officer (CFO) of the company has made the following observations with respect to the appointment of an internal auditor.

| <b>Particulars</b>  | <b>Observations made by<br/>Ranveer</b> |
|---|---|
| Existing employee of the company who is a Chartered Accountant having experience of doing internal audit in past                | Cannot be appointed                     |
| Association of Chartered Accountants, Azad Nagar specialized in internal audits   | Can be appointed                        |
| B Pvt. Ltd. (a company owned and managed by Chartered Accountants engaged in the business of providing internal audit services) | Can be appointed                        |

Examine, whether the observations are in accordance with the provisions of the Companies Act, 2013 ?

*(3 marks)*

- (b) Distinguish between transfer and transmission of shares as per the provisions of the Companies Act, 2013.

*(3 marks)*

- (c) “Non-filing of particulars of a charge shall be void against the company as a going concern” – Examine this statement in light of the provisions of the Companies Act, 2013.

*(3 marks)*

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(d) ABCD Ltd. is a listed company and its financial results are about to be discussed and approved in the board meeting to be held on 20th July, 2022. Referring to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 answer the following :

- (i) Compliance requirement regarding intimation to the stock exchange about the meeting of the board discussing annual financial results
- (ii) Circulating the financial reports to the shareholders who hold shares in dematerialized (demat) form.
- (iii) Presenting financial reports by the listing company on its website, if the listed entity has subsidiaries.

(3 marks)

(e) Amrutha has ceased to be a director of CSS Ltd. by resignation. However, she continues to be the shareholder of the company. She now wants to inspect the minutes of the Board meeting in electronic form which she had attended during her tenure as a director of the company. Is she entitled to inspect the minutes of those Board meetings of CSS Ltd. as per the provisions of the Companies Act, 2013 ?

(3 marks)

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

2A. (i) A Ltd; B Ltd; C Ltd; and D Ltd; are group investment companies. A Ltd. has invested 52% of B Ltd's share capital and B Ltd. has invested 55% of share capital of C Ltd. Further C Ltd. has invested 51% of share capital of D Ltd. In the light of the provisions of the Companies Act, 2013 explain the validity of the investments made by the above companies.

(3 marks)

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(ii) Alama Ltd. was carrying on textile business which was acquired by another company by paying suitable compensation. The directors of Alama Ltd. who had majority voting rights changed the object of the company at the general meeting and utilized the compensation received from textile business for the new object of the company while refusing to distribute the compensation to its shareholders. The affected minority shareholders approached the Tribunal for relief against oppression by the majority. Will the minority shareholders succeed in their claim under the provisions of the Companies Act, 2013 ?

(3 marks)

(iii) Explain the manner in which public limited companies may issue their securities as per the provisions of the Companies Act, 2013.

(3 marks)

(iv) A company's net profit calculated under section 198 of the Companies Act, 2013 as per the audited financial statements was as under :

Year 2021-22 : net profit ₹ 8 crore.

Year 2020-21 : net profit ₹ 5 crore

Year 2019-20 : net profit ₹ 4 crore.

The profit for the financial year 2021-22 included the profit of ₹ 1 crore from its foreign subsidiary company and ₹ 1 crore from an Indian company covered under section 135 of the Companies Act, 2013, as dividend. Comment on the amount, if any, liable to be spent on corporate social responsibility (CSR) activities by the company.

(3 marks)

(v) List out any three types of companies that may be formed under the Hong Kong Companies Ordinance.

(3 marks)

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3. (a) Draft a specimen resolution for allotment of sweat equity shares to the Chairman and Managing Director (CMD) of a listed company. Also state the type of meeting and kind of resolution to be passed referring to the provisions of the Companies Act, 2013.

(5 marks)

- (b) Lalchand Ltd. proposes to declare dividend in the current year and provides you the following information :

Equity share capital-paid up ₹ 5 crore

10% Preference share capital-paid up ₹ 2 crore

General reserves ₹ 1.50 crore

Securities premium ₹ 5 crore

Surplus as per Profit and Loss Account ₹ 10 lakh

Dividend declared in the past years 2019-20, 2020-21, 2021-22 is 10%, 12% and 14% respectively.

Calculate the amount available to be drawn out of reserves and the maximum rate of dividend that can be declared by the company citing the relevant provisions of the Companies Act, 2013. Assume that no adequate profit was available in the current year for distribution of dividend.

(5 marks)

- (c) AB Ltd. whose net worth is of ₹ 51 crore and annual turnover of ₹ 400 crore as per the latest audited financial statements intends to accept deposits from the general public. In this scenario answer the following questions as per the provisions of the Companies Act, 2013 (the Act).

- (i) How much amount of deposit could be accepted by AB Ltd. from general public ?
- (ii) If AB Ltd. is an eligible company for accepting deposits, and could not pass a special resolution of its members, what other options are available to the company to borrow funds beyond the limit prescribed under section 180 of the Act ?

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- (iii) As an eligible company for accepting deposits, what are the forms need to be filed by the company for acceptance of deposits ?
- (iv) How much quantum of money should be deposited in a separate account for deposits maturing each year ?
- (v) Is there any time limit for issuance of deposit receipts for money accepted ?
- (5 marks)

**PART—II**

4. (a) A is a leading business man who is presently acting as director in five companies. He wants to become the Chairman and Managing Director (CMD) of CKC International Ltd. which undertakes several businesses. The company's average annual turnover was ₹ 1,125 crore in the preceding three financial years. The Company already have H, C and L as its Chief Executive Officers for each of its business categories. As a Company Secretary advise A regarding appointment of key managerial persons, feasibility of appointing him in CKC International Ltd. as CMD and retaining the directorship of other companies referring to the provisions of the Companies Act, 2013.
- (5 marks)
- (b) Company Secretary of Mask Ltd., a listed company, having the following unlisted subsidiary companies, is seeking your advice whether an independent director is required to be appointed in these unlisted subsidiary companies :

| Name        | Net Worth as on 31st<br>March 2022<br>(₹ in crore) | Consolidated Net Worth<br>of Mask Ltd. as on 31st<br>March 2022<br>(₹ in crore) |
|-------------|--|---|
| Cure Ltd.   | 120  | 3,500   |
| Impact Ltd. | 560  |   |
| Taj Ltd.    | 800  |   |

Can wife of a director of a step-down subsidiary company take up the role of an independent director in any of the above qualified companies ? Examine the issues referred to above in light of the relevant provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(5 marks)

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- (c) In the general meeting of CBD Ltd. six individual members were present and the meeting was adjourned by the Chairman of the meeting at his own will, to the same day of the next week as an important member was not present for the meeting. In this context, referring to the provisions of the Companies Act, 2013 answer the following questions :
- (i) Could the Chairman adjourn the meeting, if the company's shareholders (i.e. the members) strength was 300 ?
- (ii) For the adjourned general meeting is any fresh notice of meeting is to be sent ?
- (iii) If only three members were present in the adjourned meeting, where in such a meeting too the important member (shareholder) could not participate, would the meeting be considered as duly convened and conducted ?

(5 marks)

- (d) Kuku, CFO of a company intends to make contribution to a political party as per details shown below :

| Name of the political party | Amount to be contributed (₹ in crore) | Average net profit during the three immediately preceding financial year (₹ in crore) | Manner in which amount will be transferred |
|-----------------------------|---------------------------------------|---|--|
| Hamara Jag                  | 7.25                                  | 140   | Bearer cheque                              |
| Sovereign Party             | 9.9                                   |   | RTGS                                       |
| Female front party          | 13                                    |   | Account payee bank draft                   |

Referring to the provisions of the Companies Act, 2013 advise Kuku,

- (i) Whether contribution proposed as above can be made ?
- (ii) Specify the penalty for which the company may be liable in case of violations in making contribution to the political parties.

(5 marks)

*Attempt all parts of either Q. No. 5 or Q. No. 5A*

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

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

*(4 marks)*

(b) A company which has ₹ 13 crore of paid-up share capital is intending to have a board meeting on 12th December, 2022. Its managing director wants to know the provisions of the Companies Act, 2013 relating to notice of the meeting to directors on the following points :

- (i) The date before which the notice needs to be served either by electronic mode or by post ?
- (ii) If the company has a predetermined date of 12th of every alternate month for its board meeting, unless otherwise changed, should the notice be sent to the directors every time ?
- (iii) In case of urgent exigency can a board meeting be convened at a shorter notice to the directors ?
- (iv) Could the notice of Board meeting be issued/sent by any person in the company to the directors ?

*(4 marks)*

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- (c) X is a 20 year old B. Com. graduate who is the son of Y aged 70, a top businessman in India. Y intends to appoint his son X as the Managing Director (MD) of one of his group companies and continues to be the Managing Director of another group company. Examine the validity of the proposals explaining the procedure for such appointments as per the provisions of the Companies Act, 2013.

(4 marks)

- (d) The Board of a company had total strength of 12 directors. There was a vacancy of two directors in the Board. Referring to the provisions of the Companies Act, 2013 answer the following :

- (i) What is the quorum required for the board meeting of the company ?
- (ii) In case, nine directors are interested in a particular matter which is to be discussed in a meeting, what shall be the quorum for the meeting under such scenario ?
- (iii) In a particular meeting, six directors participated and three of them participated through video conferencing. Would the meeting be considered valid ?
- (iv) In the attendance register meant for board meeting, whether directors participating through video/audio-visual means will be entered ?

(4 marks)

- (e) The Annual General Meeting (AGM) was called by a proper and valid notice to be held on Sunday, the 7th August, 2022. Due to lack of quorum for the meeting, it was adjourned for the same day, time and place in the next week. In the adjourned meeting on a particular resolution, two shareholders holding shares to the nominal value of ₹ 5,50,000 demanded a poll, but the Chairman refused to conduct the poll. In the light of the provisions of the Companies Act, 2013, give your opinion on the above happenings. Also, decide the validity of the meeting, if it would have been called on Monday, the 15th August, 2022.

(4 marks)

**OR (Alternate question to Q. No. 5)**

- 5A. (i) Examine whether the following persons are eligible to be reappointed as an independent director of Seamless Ltd. after the completion of cooling period as defined under the Companies Act, 2013 ?

| Name   | Activities performed during the cooling period   |
|--------|--|
| Ram    | Advisor to CFO of Seamless Ltd.  |
| Kishan | Started his own independent advisory business and was not associated with Seamless Ltd.    |
| Rakesh | Completed a small valuation work on the multiple requests by the Chairman of Seamless Ltd. |

(4 marks)

- (ii) Amit, CFO of a company has sought your advice on the frequency of holding first as well as second and subsequent annual general meetings. Provide your advice to Amit in light of the relevant provisions of the Companies Act, 2013.

(4 marks)

- (iii) A company has passed two resolutions by circulation with a majority of five directors where total strength of the board is of nine directors. Two directors required that such a resolution should be decided at the meeting of the Board. Answer the following questions under such scenario referring to the provisions of the Companies Act, 2013 :

- (a) Whether the claim of the two directors that the resolution should be passed at the meeting of the Board only is valid ?

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- (b) How the resolution passed by circulation will be recorded in the minutes of the board meetings ?
- (c) If the draft resolution was not sent to one director by inadvertent mistake, should the resolution be considered invalid ?
- (d) If the single approval has been given by the majority of directors for both the resolutions together, whether such approval will be considered as valid ?

(4 marks)

- (iv) XY Ltd. is an unlisted company having 1100 shareholders. One of the directors of the company is of the opinion that the company should constitute Stakeholders Relationship Committee (SRC). However, the Secretary of the company claims that it is not mandatory for the company to constitute SRC. Referring to the provisions of the Companies Act, 2013 answer the following questions :

- (a) Whether the claim of the director is correct ?
- (b) If XY Ltd. is a listed company how the SRC should be formed ?
- (c) What is the quorum for SRC meeting ?
- (d) What is the minimum number of meetings the SRC should conduct in a year ?

(4 marks)

- (v) For the annual general meeting (AGM) of a company proxies were received from A, B, C and D. C and D deposited their proxy forms 72 hours before the meeting, as the Articles of the company requires for deposit of proxy forms 72 hours before the meeting. A and B deposited proxy forms 50 hours before the meeting and hence the Chairman rejected their proxy forms. C represented 48 shareholders, having 8% shareholding and D represented one shareholder having 11% voting rights. In the light of the provisions of the Companies Act, 2013 explain the validity of the proxies.

(4 marks)

**PART—III**

6. (a) A complaint was lodged against a member of the Institute of Company Secretaries of India (ICSI) under section 21 of the Company Secretaries Act, 1980. The Disciplinary Committee after investigation submitted its report to the Council of ICSI on the complaint lodged. Explain as to what would be the further course of action on the complaint against the member of ICSI ?
- (b) The Secretarial Standard-II prescribes the aspects related to the presence of directors, auditors and chairman in the Annual General Meetings (the AGMs). As a Company Secretary offer your views to the following questions :
- (1) Should the presence of secretarial auditor in person and company auditors in person is mandatory in the Annual General Meeting (AGM) ?
  - (2) Where the directors should be seated in the AGM ?
  - (3) If the Chairman was late for the meeting by an hour, what should be done to conduct the meeting ?
  - (4) If the Chairman was interested in any matter for discussion in the meeting, what shall be done at that stage ?
  - (5) Whether the secretarial auditor has right to speak at the AGM ?

*(5 marks each)*

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