

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 8

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

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

1. (a) How would you deal with the following situations under the provisions of the Companies Act, 2013 :

(i) The Board of directors of a company decides to revise the accounts already submitted to the auditors of the company, which have not yet been approved by the shareholders in general meeting; and

(ii) The Board of directors of a company decides to revise the accounts which have already been adopted by the shareholders in annual general meeting.

(5 marks)

(b) Manu Marbles Ltd is a company registered in Anuradhapuram, Sri Lanka. The company wants to establish a place of business in Tamil Nadu, India. State the various documents to be filed. With whom the documents are to be filed ?

(5 marks)

(c) Appu Hotels Ltd. has the following balances :

Authorised Equity Share capital	₹ 75 crore
Paid up Equity share capital (₹ 100 shares of 50,00,000)	₹ 50 crore
Reserves and Surplus	₹ 550 crore

: 2 :

The Board of Directors plans to issue bonus shares in the ratio 1 : 1.

What are the main conditions to be checked before the issue ? Can a Bonus Issue once announced be withdrawn ?

(5 marks)

- (d) (i) What is meant by 'Private placement of shares' ?
- (ii) Medha Garments Ltd contemplates the issue of equity shares by private placement. Managing Director of the Company suggests that the letter offering the shares can be made out in the prescribed format and issued to the following number of persons :
- Relatives of the present directors – 35 persons
 - Friends of the present directors – 75 persons
 - Selected persons from business associates like sellers of raw materials, buyers of products, service providers etc. – 100 persons
 - Officers of the company, who may be interested in investing the Medha Garments Ltd. – 40 persons.

As a Company Secretary of the Company, draft a note to the Managing Director, on the legality of the above proposal and your suggestion therefor.

(5 marks)

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

2. (a) The Articles of Association of XYZ Limited fixed 3 as the quorum for a meeting of the Board. At a meeting of the Board, all the 5 directors were present. They allotted the shares of the company to 3 of the directors. Is it valid ?

(4 marks)

: 3 :

- (b) Green Pvt Ltd is a wholly owned subsidiary of Century-men Ltd. Green Pvt Ltd invests in the Securities of Century–men Ltd. amounting ₹ 80 Lakhs.

The Balance sheet extract of Green Pvt Ltd :

LIABILITIES	₹	ASSETS	₹
Paid up Share Capital	100 lakh	Fixed Assets	130 lakh
Security Premium	20 lakh		
Reserves & Surplus	10 lakh		

State the Formalities required for Green Pvt Ltd ?

(4 marks)

- (c) At a meeting of Board, the proposal to consider related party transactions require compliances to be made. Indicate laid down limitations in cases of (i) hiring of directors' relative's property for office of the Company and (ii) payment of remuneration to relative of director and (iii) giving small value contract to another associate company on commercial terms.

(4 marks)

- (d) Due to internal problems in the working of M/s Infighting Detergents Ltd., Mr. Satyam and Mr. Shivam, a Director, have submitted their resignations and decided to disassociate themselves with the working of the company. Mr. Sundram, the Managing Director, decides to refuse their resignations. Examine whether the Managing Director can compel Mr. Satyam and Mr. Shivam to continue as per the provisions of the Companies Act, 2013.

(4 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) What is meant by rotation of auditors ? Discuss the provisions on rotation of auditors as per the Companies (Audit and Auditors) Rules, 2014.
- (ii) You are the Company Secretary of ABCD Ltd. You have planned to hold the board meeting in August, 2020 for the adoption of Accounts for the year 2019-20. The chairman of the company has planned a long vacation in August, 2020. He would like to know from you, whether it is in order, if he attends the Board meeting through video conference. Prepare a note answering his doubt.
- (iii) Managing Director of Lalitha Lubricants Ltd, wants to know the following from you, as a Company Secretary in practice, (a) the qualification, if any for appointment as a cost auditor (b) the authority who appoints the cost auditor (c) the prescribed format of cost audit report, if any and (d) the form in which the company is to report to the Registrar of companies for the replies to the qualifications made by the cost auditor. Write a brief note to him.
- (iv) The company secretary of a company, having a paid up share capital of more than ₹ 10 crores, resigned and left the company. The company has not appointed his successor. Meanwhile, it has started incurring losses. Its sales have declined and financial position became weak. Can it be a valid reason for not appointing a whole-time secretary ? How long can the company delay the appointment ? What penalty can be imposed ? Will the liability extend to all the directors or only to the managing director ?

(4 marks each)

: 5 :

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

3. (a) As per the provisions of Companies Act, 2013,

(i) Who are called KMPs ?

(ii) Can a KMP hold office in two companies ?

(4 marks)

(b) Write any *four* grounds for the rejection of application for DIN.

(4 marks)

(c) Kamakshi Steels Ltd wants to acquire the equity shares of Meenakshi Steels Ltd for a value of ₹ 4 crore. The following are the balances of Kamakshi Steels Ltd as on date :

Authorised share capital	₹ 50 crore
Paid up share capital	₹ 5 crore
Free Reserves	₹ 1 crore

Kamakshi Steel Ltd is financially sound and is prompt in repayment of its loans and interest to all its creditors including Public Financial Institution with which ₹ 3 crore is outstanding. Kamakshi Steels Ltd does not hold any shares of Meenakshi Steels Ltd as on the date.

State if the company wants to acquire shares for ₹ 4 crore, the procedure to be followed by Kamakshi Steels Ltd as per the Companies Act 2013.

(4 marks)

- (d) Smriti Co. Ltd is an associate of Smriti Co Inc, a Malaysian company. The Indian company has April-March financial year. The Malaysian company has the calendar year as financial year, from the inception. The Malaysian company advises the Indian company to follow the same financial year as the Malaysian company. The Director (Finance) of the Indian company, feels that the Indian company cannot apply for the changing the financial year to align with the Malaysian company, as it is not a subsidiary company. Advise the Director (Finance).

(4 marks)

OR (Alternate question to Q. No. 3)

3A. Write short notes on the following :

- (i) 'Appointed date' in a scheme of amalgamation.
- (ii) Right issue Vs. Preferential issue.
- (iii) Directors and officers liability insurance policy.
- (iv) Shelf prospectus and Red herring prospectus.

(4 marks each)

4. (a) A company has received request for transfer of 1000 fully paid equity shares. The transferor has submitted the duly signed share transfer form for 1000 shares. It is learnt that the transferee is fifteen years old grand daughter of the shareholder. Since the transferee is a minor, who does not have capacity to contract, the company is unable to decide. Advise the company.

(4 marks)

: 7 :

- (b) Trump Inc. a foreign Company has establishment in India to carry out execution of an infrastructure Project in India. Are the provisions with regard to CSR applicable to foreign companies ? Elaborate.
- (4 marks)*
- (c) Explain the provisions of re-submissions (under Rule 10 of the Companies (Registration Offices and Fees) Rules, 2014.
- (4 marks)*
- (d) (i) Is it mandatory for a company to keep its documents records, registers and minutes in electronic form ?
- (ii) What are the provisions with respect to signing of financial statements under the Companies Act, 2013 ?
- (4 marks)*
5. (a) ABC Limited plans to hold its 16th Annual General Meeting on 28th September. Draft a Notice for such meeting. Besides usual items, Company seeks to obtain consent for resorting to borrowing of funds by the Board beyond the prescribed limit.
- (b) Indicate steps to be taken for conversion of existing Private Limited Company into Limited Liability Partnership.
- (8 marks each)*
6. (a) State the provisions of Australian Corporation Law in respect of Auditors.
- (4 marks)*
- (b) Audit committee has to review certain information mandatorily, what are these items ?
- (4 marks)*

- (c) (i) The directors of XYZ Limited are responsible for calling a general meeting and having failed to call such a meeting and thereby contravened section 166 of the Companies Act. They however preferred to file annual return with the concerned Registrar of Companies. Explain as to whether is it a condition precedent to hold the general meeting and then to file the annual return.
- (ii) Mr. M, a member, appointed Mr. P as his proxy for the annual general meeting of a company in the form as set out in Form No. MGT-11. The company did not permit Mr. P to attend the meeting on the ground that the special requirement for the instrument in the articles have not been fulfilled. Advise on the matter.

(4 marks)

- (d) SKD an employee of Moreh Ltd. met with an accident and died. The accident occurred when SKD was on Company's duty. He held one hundred shares partly paid. Normally the Company has a first and paramount lien on the shares. The Board of Directors, however, relaxed the said provision with regard to the hundred shares held by SKD as a goodwill gesture on the part of the company. Is the action of the company valid? State the reasons. Also state whether the Company's lien can be extended to dividend payable on such shares.

(4 marks)

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