

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 10

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 :

- (a) Amount lying in the securities premium account belongs to the shareholders and can be used freely for their benefit.
- (b) Debapriya was appointed as alternate director of Julien in Amal Housing Finance Ltd. The company was served a demand notice by Goods & Service Tax department for ₹ 25 lakh for violation of certain provisions of GST law. Due to cash crunch the CEO approached Debapriya for a help of ₹ 12 lakh. Debapriya borrowed ₹ 7.50 lakh from his sister's husband and gave to the company. The company recorded the same in its books of account.
- (c) Dealing with dividend is the prerogative of Board of directors. However there are certain parameters included in dividend distribution policy of a company.
- (d) Every company is required to comply the disclosure requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in their Board Report.

(5 marks each)

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

2. (a) As a Company Secretary, explain the procedure of satisfaction of charge.
- (b) Books of account have to be kept only at the registered office of the company. As a corporate consultant give your comments in this regard.
- (c) Jupiter Ltd. intends to acquire shares in another company. How much amount can be invested by Jupiter Ltd. without passing special resolution considering the facts mentioned below ?

Particulars	Amount (₹ crore)
Paid-up Share Capital	1,000
Free Reserves	-340
Securities Premium Account	780
Investment in another company	780

Examine.

- (d) Santosh, CEO of the company, has advised the Board of directors of an unlisted company that in order to market the public issue and generate interest and awareness amongst the public a prospectus can be issued without giving details of number of shares and the issue price. Examine the correctness of the advice in light of the provisions of the Companies Act, 2013.
- (e) What are the requirements to form a proprietary company under the Australian Corporations Act, 2001 ?

(3 marks each)

: 3 :

Or (Alternate question to Q. No. 2)

- 2A. (i) Every company is required to have active website. Comment.
- (ii) Appointed date and Effective date are very important in any merger or amalgamation through a scheme of arrangement. Do you agree ?
- (iii) Assistant Company Secretary of JKL Ltd. has made excess payment of ₹ 1 lakh to MCA for filing of E-forms. What is the procedure of refund of MCA-21 fees ?
- (iv) ABC Products Ltd. has taken term loan of ₹ 5 crore from bank and has given the properties situated at Maldives as a prime security of loan. Can the company give the properties situated outside India for security of loan ? Referring to the provisions of the Companies Act, 2013, discuss.
- (v) Monika Ltd. wants to purchase its own 5,00,000 equity shares @ ₹ 10/- each out of the following :

	₹ lakh
(a) Unsecured Loans	25
(b) Balance of Free Reserves	15
(c) Securities Premium Account	10

Examine the legality of the above transactions for the buy-back of securities of the company under the provisions of the Companies Act, 2013.

(3 marks each)

3. (a) Provide a specimen of board resolution for preparation of annual report in abridged form for mailing to the members. Assume facts and figures for the purposes of mentioning in the resolution.

(5 marks)

- (b) Advise whether the internal auditor is required to be appointed in the following scenarios :

Amount (₹ crore)

Name of the Company	Status of the Company	Paid-up Capital	Turnover	Outstanding loans and borrowings
Lala Ltd.	Listed	49	195	99
Dilo Ltd.	Unlisted public	23	200	56
Craft Ltd.	Unlisted public	50	123	65
Wood Pvt. Ltd.	Private	55	186	89

Can the following persons be appointed as internal auditor ?

- (i) President (HR)
(ii) DGM (Finance).

(5 marks)

: 5 :

- (c) Chief Financial Officer (CFO) of a conglomerate is of the view that secretarial audit is mandatory for all the companies. He has approached you to determine whether secretarial audit is applicable in case of the following companies :

Amount (₹ crore)

Name of the Company	Status of the Company	Paid-up share capital	Turnover
Helo Ltd.	Listed	49	120
Jam Ltd.	Unlisted	38	500
Butter Pvt. Ltd.	Subsidiary of Jam Ltd.	7	26

Advise the CFO.

(5 marks)

PART—II

4. (a) Rohan is a well-known banker and holds directorship in 22 companies as on 30th September, 2020. The companies include 10 public companies, 11 private companies (including MNP Pvt. Ltd., a dormant company) and 1 company registered under section 8 of the Companies Act, 2013. Recently, on 20th December, 2020, ABC Ltd. in which Rohan is not a director acquired 100% shares in MNP Pvt. Ltd. In this context, answer the following :
- (i) Whether the directorships held by Rohan as on 30th September, 2020 are valid ?

- (ii) Can Rohan continue to hold directorship in all 22 companies after acquisition made by ABC Ltd. ?
- (iii) Company Secretary of ABC Ltd. has proposed to restrict number of directorship of the directors in ABC Ltd. Whether the proposal given by the Company Secretary is tenable in light of the provisions of the Companies Act, 2013 ?
- (5 marks)
- (b) Raman is a director of Mega Ltd., a company engaged in the business of selling mineral water. Rohini, wife of Raman, is a partner in M/s. Total, a partnership firm, engaged in the business of selling packaged juices. Raman also holds 100 shares in Zimba Pvt. Ltd., a company engaged in the business of manufacturing bottles. Board of directors of Mega Ltd. intends to grant loan to M/s. Total and Zimba Pvt. Ltd. within the limits specified under the Companies Act, 2013. Examine whether Mega Ltd. can grant loan. If yes, what are the conditions ?
- (5 marks)
- (c) Board of directors of Charity Ltd. wants to understand from you applicability of the provisions relating to CSR to companies including requirements to constitute CSR committee. Inform the Board.
- (5 marks)
- (d) Approval of the Audit Committee to a related party transaction can be granted by passing a circular resolution. Discuss.
- (5 marks)

: 7 :

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

5. (a) In the following scenario, examine whether the amount of sitting fees decided by the Board of directors is in accordance with the provisions of the Companies Act, 2013 and rules made thereunder :

Name	Nature of directorship	Amount of sitting fees per meeting (₹)
Raja	Nominee director	1,20,000
Raju	Small shareholder director	1,00,000
Ritu	Independent director	1,00,000
Shalini	Independent director	75,000

(4 marks)

- (b) Board of directors of Yes No Ltd. proposes to appoint Arjun as managing director. Arjun has recently celebrated his 71st birthday. Arjun has spent his entire career in power sector and will be a strategic fit for Yes No Ltd. Company Secretary of the company suggests that Arjun can only be appointed through special resolution. Do you agree with the Company Secretary ?

(4 marks)

- (c) Dim Dim Ltd. was incorporated on 31st December, 2019. An advisor to the company has suggested that since the Articles of Association (AOA) does not contain provisions relating to appointment of first directors, company can function without the directors

until AOA is amended. Do you agree with the suggestion given by the advisor ?
Can Dim Dim Ltd. appoint a director who has just stayed for a period of 120 days in India during financial year 2019-20 ?

(4 marks)

- (d) Himmat Ltd. has a paid-up capital of ₹ 50,00,000 dividend into ₹ 5,00,000 shares of ₹ 10/- each. Special notice of intimation to move a resolution to remove Rajesh & Co., statutory auditor, before the expiry of their term and appointing Ritaban & Co. in their place has been given to the company by a shareholder holding 5,023 shares. In the above context, give your suggestion to Himmat Ltd.

(4 marks)

- (e) Shankar was appointed as a small shareholders' director on 2nd March, 2017. Shankar has submitted a letter to the Board of directors expressing his desire to get re-appointed. In this context, the Board wants your opinion on the following points :

- (i) Whether Shankar can be re-appointed as on 31st March, 2021 ?
- (ii) Whether he is liable to retire by rotation as on 31st March, 2019 ?
- (iii) Since Shankar is serving as director in many companies, whether his directorship in the capacity of small shareholders' director be included in the total number of directors as per the provisions of the Companies Act, 2013 ? Answer to the Board.

(4 marks)

OR (Alternate question to Q. No. 5)

- 5A. (i) Vasu is independent director in various companies and he seeks your opinion regarding presence of independent director in different types of Committees. Advise.

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- (ii) Logic Ltd. wants to remove Radhika, Company Secretary of the Company. Explain the procedure.
- (iii) Draft a postal ballot form of ZYX Ltd, a company in existence for last 10 years. Assume facts and figures.
- (iv) Can an annual general meeting be called at a shorter notice ? Would your answer be different if it were an extra-ordinary general meeting ?
- (v) The Board of Directors of Passion Ltd. has passed board resolutions for the following items. Examine the validity of resolution as a secretarial auditor of the company :
- (a) To invest the funds of the company for ₹ 15 Lakh in ABC Mutual funds;
- (b) To remit, or give time for the repayment of, any debt due from a director;
- (c) To invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
- (d) To take over a company or acquire a controlling or substantial stake in another company;

(4 marks each)

PART—III

6. (a) FMP & Associates, Company Secretaries, has sent a letter to the foreign exchange department of Reserve Bank of India stating that the firm has three partners who specialise in the law of Foreign Exchange & Management and asked the said Authority to include their name in the panel, whenever formed for providing advisory services. Comment with reference to the provisions of the Company Secretaries Act, 1980.

(5 marks)

- (b) A complaint of professional misconduct is filed with ICSI against Swapan, a practising member. The Disciplinary Committee of ICSI is of the opinion that Swapan is guilty of professional misconduct mentioned in the Second Schedule to the Company Secretaries Act, 1980. The Committee, after affording Swapan an opportunity of being heard, ordered for removal of his name from Register permanently and also imposed penalty of ₹ 10 lakh. Is the action of the Committee valid ? What actions can the Board of Discipline (a separate authority) take if it is of the opinion that a member is guilty of professional misconduct mentioned in the First Schedule to the Act, 1980 ?

(5 marks)

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