

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 11

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) Articles of Association of a company limited by guarantee provides that entire income of the company shall be applied towards promotion of the objects of the company.
- (b) Write any five differences between debenture and loan.
- (c) Ajit, a minority shareholder in PQR Ltd., filed a suit against the Directors on the ground that they sold a property of the Company for ₹ 24,50,000 whereas its real value was over ₹ 41,00,000. Is the action of Ajit justified ?
- (d) Strike in the postal department could be a valid reason for delay in dispatch of dividend warrants.

(5 marks each)

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

- 2.** (a) Which of the following companies is eligible to issue shares with Differential Voting Rights (DVRs) during the financial year 2022-23 ?

Type of company	Nature of default	Whether Articles of Association of the company authorised to issue shares with DVR ?
A Ltd. – Unlisted company	Company has made default in filing annual return for the financial years 2018-19 & 2019-20. Default was made good during the financial year 2020-2021.	Yes
B Pvt. Ltd.	No

(3 marks)

(b) Explain in brief : A company though a legal person is not a citizen.

(3 marks)

(c) The Articles of Association of Regular Ltd. provides that documents may be served upon the company only through registered post. Ram dispatches a document to the company by courier service. The company does not accept it on the ground that it is in violation of the Articles of Association. Examine with reference to the provisions of the Companies Act, 2013 whether refusal of receipt of document by the company is valid ?

(3 marks)

(d) While sanctioning working capital limits, the rate of interest has been fixed at a specified percentage above the bank rate as notified by the Reserve Bank of India (RBI). But later on, there was a change in the interest rate due to RBI notification. The

: 3 :

lending bank insisted on filing necessary documents and forms for modification of charge under section 79 of the Companies Act, 2013. Decide if the claim of the lending bank is tenable.

(3 marks)

- (e) Local Ltd. is planning to issue its equity shares to persons residing outside India. In this context, Chairman of the company wants to know on the following matters :
- What are the provisions relating to maintaining the foreign register of members ?
 - Can company discontinue maintaining foreign register of members ? If so, when ?
- Give your inputs to the Chairman of Local Ltd.

(3 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Shyam was appointed as the statutory auditor of Ram Ltd. a non-government company at the Annual General Meeting held on 30th September, 2021. He has resigned after 2 months as he wanted to discontinue the practice and surrendered his Certificate of Practice and joined a Multinational Company. Explain how the new auditor will be appointed by Ram Ltd. and the conditions to be complied with in this regard.

(3 marks)

- (ii) Examine with reference to the provisions of the Companies Act, 2013 whether any of the following persons can become member of the company engaged in the business of producing steel products ?

- (1) Pawnee
- (2) Partnership firm
- (3) Unregistered trade union.

(3 marks)

: 4 :

- (iii) Sita Ltd. intends to issue sweat equity shares to its employees for a non-cash consideration. Managing Director believes that the sweat equity shares can only be issued for consideration received in cash. Do you agree ?

(3 marks)

- (iv) What would be the status of AV Pvt. Ltd. under the Companies Act, 2013, if TV Ltd. has appointed six (6) out of ten (10) directors on the Board of AV Pvt. Ltd. by exercising some powers at its discretion ?

(3 marks)

- (v) Company Secretary of Pumpkin Ltd. has made following entries into Register of members, debenture holders and other security holders on happening of certain events :

Event	Date of event	Date on which entry was made
Allotment of debentures	11th November, 2021	20th November, 2021
Forfeiture of shares	15th November, 2021	20th November, 2021
Issue of duplicate share certificates	10th November, 2021	24th November, 2021

Decide on the validity of the entries made by the Company Secretary in light of the provisions of the Companies Act, 2013.

(3 marks)

3. (a) Which parameters shall be included in the Dividend Distribution Policy by the top 500 listed entities as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ?

(5 marks)

: 5 :

(b) Mind-Game Ltd., is a subsidiary company of Mind-Guru Ltd. Mind-Game attracts the provisions of section 135 of the Companies Act, 2013 and it has minimum average obligation to spend Corporate Social Responsibility (CSR) amount of ₹ 15 crore during each of the preceding 5 years. In this connection, Board of directors need your expert views on the following matters :

- (i) What is the meaning of “impact assessment” ?
- (ii) Whether impact assessment is required to be undertaken by all the companies ?
- (iii) Who can conduct impact assessment ?

(5 marks)

(c) Hi-Fi Ltd. has defaulted in repaying security deposits received from its dealers. Such security deposits were accepted from the dealers for proper and timely performance of the contracts by them. Hi-Fi Ltd. wants to invest ₹ 5 crore in equity shares of Wi-Fi Ltd. Is there any restriction under Section 186 of the Companies Act, 2013 when a company is in default with respect to the repayment of security deposits ?

(5 marks)

PART—II

4. (a) Decide whether the length of the notice is proper in the following cases with reference to the provisions of the Companies Act, 2013 ?

Particulars	Case I – Sky Ltd.	Case II – Moon Ltd.
Date of Annual General Meeting	30th September, 2021	30th September, 2021
Date of sending notice by post	5th September, 2021	7th September, 2021

What would be your stand in case if Sky Ltd. and Moon Ltd. are section 8 companies ?

(5 marks)

- (b) In compliance to the Companies Act, 2013, at least one-woman director shall be on the Board of such class or classes of companies as may be prescribed. Riya is keen to hold the office of woman director in a company. She has selected some companies in which there is a vacancy for a woman director.

Name of the Company	Listing status	Paid up share capital (In ₹) as per the latest audited financial statements	Turnover (in ₹) as per the latest audited financial statements
Maya Ltd.	Unlisted	50 crore	100 crore
Manna Ltd.	Listed	100 crore	150 crore
Mopin Ltd.	Unlisted	150 crore	350 crore

Guide Riya in selecting the companies which are mandatorily required to appoint a woman director as per the Companies Act, 2013. Also explain as to when a company is required to appoint independent woman director ?

(5 marks)

- (c) The Board of directors intend to understand the benefits of the buyback of shares. You have been requested by the Board of directors to list out a few benefits of buyback of shares.

(5 marks)

- (d) 'The Company Secretary and Chairperson shall take due and reasonable care while handling virtual meeting.' Evaluate the statement.

(5 marks)

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

5. (a) Happy Mobile Ltd. is engaged in the manufacturing of mobiles and accessories related to mobile. The Board of the company consists of nine directors i.e. Rakesh (Director), Shyam (Director), Mehul (Director), Jigisha (Director), Komal (Director), Kavita (Director), Ashish (Independent Director), Gagandeep (Independent Director) and Anil (Small Shareholder's Director). Articles of Association of the company does not provide for retirement of all directors at every Annual General Meeting. Calculate the number of directors liable to retire at the Annual General Meeting to be held on 15th September, 2022.

(4 marks)

- (b) Naman is Managing Director, Manan is Whole-time Director and Ojas is Director of the Apollo Ltd. Naman has resigned from his position with effect from 31st March, 2022 due to his ill health. Doctor has advised him to take complete bed rest. Manan and Ojas also tendered resignation with effect from 1st April, 2022 pursuant to a slump sale of one of the undertakings of Apollo Ltd. to Nimbo Ltd. (a group company of Apollo Ltd.). Consequently, Manan and Ojas were appointed as Whole-time Director and Director respectively in Nimbo Ltd. w.e.f. 1 June, 2022. Manan and Ojas individually made an application to the Board of Apollo Ltd. for compensation for loss of office. When, Naman came to know about the said applications by Manan and Ojas demanding compensation, he also asked for the compensation. Who will be eligible for such compensation as per the provisions of the Companies Act, 2013 ?

(4 marks)

- (c) Rajdeep, a director of the company, intimated his willingness to participate in the Board meeting scheduled to be held in August, 2021 through video conferencing. He declared his intention for participation in the scheduled Board meeting through video conferencing mode to company in July, 2021. The Chairman of the company has informed Rajdeep that he has to inform at least 3 months in advance to participate in the Board meeting through video conferencing. Considering the applicable provisions of the Companies Act, 2013, decide whether the action of the Chairman is valid ? Can Rajdeep attend the Board meeting scheduled to be held in August, 2021 through video conferencing ?

(4 marks)

- (d) A director while leaving India for medical treatment abroad informed the Board of directors that he would not be available for the next six months. During his absence, three Board meetings were held and notices were not sent to him. Is there any default under the Companies Act, 2013 ? What would be the consequences ?

(4 marks)

- (e) Advise the Board of directors of Clean Ltd. regarding appointment in the following scenarios :

- (i) Can Ram who is already director of Clean Ltd. be appointed as Chief Executive Officer (CEO) or Chief Financial Officer (CFO) of the same company ?
- (ii) Is it possible to appoint Ram as Managing director of Clean Ltd. when Shyam is already a Manager of the same company ?

(4 marks)

OR (Alternate question to Q. No. 5)

5A. (i) Extra Power Ltd. desires to appoint an additional director on its Board of directors. The Articles of Association of the company confer upon the Board to exercise the power to appoint such a director. As such Mohan is appointed as an additional director on 12th December, 2020. The 5th Annual General Meeting of the company was scheduled to be held on 17th September, 2021; however, the meeting was adjourned to and held on 30th September, 2021. Decide the date up to which Mohan can continue as an additional director in Extra Power Ltd. ?

(4 marks)

(ii) The Board of directors of Well Ltd., wants to contribute ₹ 60,000 to a charitable trust during the financial year 2022-2023. During the financial year 2021-2022, the company suffered losses; however, during the financial years 2019-20 and 2020-21 the net profits were ₹ 12,00,000 and ₹ 5,00,000 respectively. The directors are contemplating to contribute the said amount in spite of the losses. In this connection, state whether the directors can do so ? Whether contribution towards Gratuity Fund for employees of the company can be considered as contribution to charitable trust under the Companies Act, 2013 ?

Suitable assumptions can be made.

(4 marks)

(iii) Indra Kumar, head of the legal and secretarial department of a conglomerate wants to understand from you that which of the following resolutions shall only be passed by the postal ballot. Assist him with your answers as per the provisions of the Companies Act, 2013 based on the information available from the following table :

: 10 :

Nature of Company	Number of Members	Subject matter for which resolution is proposed
One Person Company	1	Alteration of Articles of Association
Unlisted Company	190	Buy-back of shares
Listed Company	12,340	Election of Small Shareholders' Director

(4 marks)

- (iv) With the scenarios described below, examine whether any of the following companies is required to constitute Audit Committee as per provisions of the Companies Act, 2013 ?

Name of Company	Paid up capital (₹ in crore)	Turnover (₹ in crore)	Aggregate outstanding loan, debenture and deposits (₹ in crore)
A Ltd. (Unlisted)	8	75	55
B Ltd. (Listed)	10	75	11
C Pvt. Ltd.	8	110	11
D Ltd. (Unlisted)	10	51	5

(4 marks)

- (v) Explain the following terms with reference to a virtual meeting :

- Electronic mode
- Roll call.

(4 marks)

PART—III

6. (a) Kirti, who is a Practicing Company Secretary is specialized in the areas of Secretarial Audit. On account of receiving many assignments and unable to handle the work alone, she permits Mohan, her friend who is a Company Secretary but not in practice and who is also a lawyer but not a member of any Bar Council, to conduct the Secretarial Audit and give reports on her behalf. There is no written agreement between Kirti and Mohan to this effect; however, the oral understanding between both of them is that the fees received from the assignments shall be passed on to Mohan and Kirti in equal proportion. Examine the validity of this arrangement in light of the relevant provisions related to misconduct under the Company Secretaries Act, 1980.

(5 marks)

- (b) Company Secretary of Black Ltd. has suggested following style of assigning serial number to its Board meeting :
- (i) Serially numbering on Calendar Year basis as follows : "1/2015", "2/2015", "3/2015" and so on..... In the next year, numbering would be "1/2016", "2/2016", "3/2016" and so on.
 - (ii) Serially numbering on financial year basis as follows : "1/2015-16", "2/2015-16", "3/2015-16" and so onor 1/15-16, 2/15-16, 3/15-16 and so on.
 - (iii) Continuous serially numbering across years : 11th Meeting, 12th Meeting and so on.

Board of directors of Black Ltd. would like to know that which of the above style of assigning serial number to Board meeting is valid as per Secretarial Standard (SS-1) ? How serial number to the Adjourned Board meeting should be given to comply with SS-1 ?

(5 marks)

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