

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 15

NOTE : Answer ALL Questions.

PART—I

1. (a) Explain the exceptions, if any to the principle of “Limited Liability” under the Companies Act, 2013.

(5 marks)

- (b) ABC Limited is a subsidiary company of XYZ Limited. Deepak is working as an executive director in ABC Limited. XYZ Limited passed an ordinary resolution in its general meeting to issue Sweat equity Shares to Deepak for providing his professional services. Pankaj who is Company Secretary in XYZ Ltd., objected the following :

- (i) Sweat equity shares cannot be issued to Deepak, who is an executive director in Subsidiary company i.e., ABC Limited.
- (ii) Special resolution is required to be passed in the general meeting, of XYZ Ltd. Examine the validity of objection of Company Secretary of XYZ Limited under the provisions of Companies Act, 2013.

(5 marks)

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- (c) Venus Hospitality Limited is an unlisted public company. The following information is given as per the financial statements of the company as on 31st March, 2023 :

Paid-up capital : ₹ 5 crore

Security premium : ₹ 2 crore

Revaluation reserve : ₹ 10 crore

Reserves and surplus : ₹ 1 crore

Long-term loans : ₹ 8 crore

The Board of Directors of the company have resolved by a board resolution to borrow a further long-term loan of ₹ 5 crore.

The Articles provide that the company cannot borrow beyond its net worth.

Referring to the provisions of Companies Act, 2013, examine the validity of the Board Resolution.

Will your answer differ, if it is a private company ?

(5 marks)

- (d) Peacock Home Appliances Limited, an unlisted public company was incorporated in the year 2015 to manufacture domestic pressure cookers. In the year 2017, the company issued six-years, 7%, non-convertible, cumulative preference shares for ₹ 15 crore to another company called Classic Appliances Limited. Due to intense competition in the home appliances market, the company was just able to break even. The company did not declare any dividend (both on equity shares and preference shares) since incorporation and unable to redeem preference shares during the year 2023 on maturity. Referring to the provisions of the Companies Act, 2013 explain the way for redemption of unredeemed preference shares and how the outstanding preference dividend can be discharged, as the profit is not available for the redemption of preference shares and payment of outstanding dividend.

(5 marks)

: 3 :

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

2. (a) ABC Limited has created floating charge against debentures issued for ₹ 100 crore. The Board of Directors (BOD) is willing to know the circumstances under which floating charge crystallizes and the security becomes fixed. As a Company Secretary advise the BOD in light of the provisions of Companies Act, 2013.
- (b) The Chairman of a listed company wants to know from you the details required to be entered in the register of contracts in which a director is interested and the requirement of the period of maintaining the said register. Explain with reference to the provisions of the Companies Act, 2013.
- (c) “The provisions of appointment of Company Secretary in United Kingdom are same as in India under the Companies Act, 2013”. Comment.
- (d) Can the following persons or institutions become member of a company under the provisions of Companies Act, 2013 :
- (i) MK Associates, which is a Partnership Firm.
- (ii) Devid, who is a Foreigner and resident of Japan.
- (iii) HUF.
- (e) Can the Investor Education and Protection Fund be utilized for the activities related to “Har Ghar Tiranga” a campaign under the aegis of Azadi Ka Amrit Mahotsav, under the provisions of Companies Act, 2013 ?

(3 marks each)

OR (Alternate question to Q. No. 2)

2A. (i) Authorised, issued and paid-up share capital of XYZ Ltd., is ₹ 499 crore divided into 49.90 crore shares of ₹ 10 each. 74% of shares of XYZ Ltd. is held by Central Government, and the balance shares are held by the retail investors. The date of incorporation of XYZ Ltd. is 1st April, 2023. First Auditor of XYZ Ltd. is appointed on 16th May, 2023. As a Company Secretary, examine the validity of appointment of first auditor in XYZ Ltd. in light of the provisions of the Companies Act, 2013.

(3 marks)

(ii) The Board of Directors (BOD) of ABC Ltd., is planning to invite deposits from public for the purpose of meeting its short-term requirements of ₹ 20 crore in its scheduled meeting to be held on 1st October, 2023. Deposits will be repayable within 4 months from the date of such deposit. The paid-up share capital and free reserves of ABC Ltd., is ₹ 225 crore and ₹ 375 crore respectively as per audited accounts as on 31st March, 2023. The Company Secretary of ABC Ltd. opposed the above proposal of BOD with the contention that the Company cannot accept deposits, which is repayable earlier than 6 (six) months from the date of such deposits. Advise BOD of ABC Ltd. as per the provisions of the Companies Act, 2023.

(3 marks)

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- (iii) The Board of Directors of Glass Making Ltd. have decided to declare interim dividend @ 18% for the current financial year of 2023-24. The company has incurred a loss of ₹ 107 crore during the current financial year up-to quarter ended on 30th September, 2023. The company has declared dividend in the last four financial years, as below :

Financial Year	Rate of Dividend
2019-20	15%
2020-21	12%
2021-22	15%
2022-23	24%

Examine the decision of the Board of Directors of Glass Making Ltd. as per the provisions of the Companies Act, 2023.

(3 marks)

- (iv) Fine Industry Ltd. is registered under the Companies Act, 2013 having registered office at New Delhi. Company is engaged in manufacturing of various household products. Main manufacturing unit of the company is located in Singrauli District of Madhya Pradesh. The Board of Directors (BOD) has decided to keep books of account of the company at its Singrauli manufacturing unit. The Company Secretary of the company objected and states that the books of account of the company can be kept at its registered office only. Referring to the provisions of the Companies Act, 2023, examine, whether the objection of the Company Secretary is valid ?

(3 marks)

- (v) Agro Food Ltd. is a listed company under Companies Act, 2013. Sumit is a shareholder of the company who holds 101 shares of ₹ 100 each. The email id of Sumit is not registered with the company but registered with the depository of the company. Company held its annual general meeting on 15th September, 2023 as per the provisions of the Companies Act, 2013. The company sent a soft copy of annual report on 20th September, 2023, through email to all its shareholders whose email id are registered with the company excluding Sumit on the contention that email id of Sumit is not registered with the company. Examine the contention of the company with respect to the manner of sending annual report to the shareholders referring to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(3 marks)

3. (a) PQR Ltd. has convened a Board Meeting on 25th September, 2023 with one of the items of the agenda is to approve grant of loan of ₹ 125 crore to XYZ Ltd. for making new plant of Mug manufacturing with annual capacity of 5 lakh mugs. At the Board Meeting of PQR Ltd., out of total seven directors, five directors were present and all present directors, except one present director who recorded his dissent, approved grant of loan of ₹ 125 crore to XYZ Ltd. XYZ Ltd. has also taken loans from a public financial institution and deposits from public which is still outstanding. Examine the validity of loan proposal of PQR Ltd. with reference to the provisions of the Companies Act, 2013.

(5 marks)

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- (b) A company incorporated in 2010, furnished the following information in respect of the financial years (FY) as detailed below : (₹ in crore)

Item	FY 2019-20	FY 2020-21	Fy 2021-22
Equity share capital	100	120	120
Preference share capital	140	140	140
General reserve	120	130	150
Revaluation reserves	240	240	240
Profit & Loss Account	14	24	34
Securities premium account	200	240	240
Annual turnover	920	1040	400
Net profit	14	24	4

From the above information answer the following referring to the provisions of the Companies Act, 2013 :

- (i) Is the company required to constitute CSR Committee ? Show the relevant computation/working in support of your answer.
- (ii) What must be the minimum spending on CSR in FY 2022-23 ?

(5 marks)

- (c) ABC Ltd. and PQR Ltd. both are registered under the Companies Act, 2013. ABC Ltd. is a wholly owned subsidiary of PQR Ltd. ABC Ltd. and PQR Ltd. both are engaged in the business of manufacturing of steel. The Board of Directors of both the companies unanimously decided to merge ABC Ltd., into PQR Ltd. to get the benefit of market synergy as both are engaged in the same business area and will

increase its market size. BOD of PQR Ltd., dispensed with the meeting of equity shareholders, secured and unsecured creditors as the rights of the equity shareholders of the company are not being affected. The Company Secretary of the company objected that in the case of corporate reorganisation meeting of the equity shareholders, and the secured and unsecured creditors cannot be dispensed with. Examine the validity of objection of the Company Secretary with reference to the provisions of the Companies Act, 2013.

(5 marks)

PART—II

4. (a) (i) What do you mean by proxy ? Explain the circumstances where a proxy or representative is counted for quorum.
- (ii) Can a director appoint a person as proxy to attend a Board Meeting on his behalf ?

(5 marks)

- (b) Mamta is a women director in ABC Ltd. a listed company. On 15th July, 2023 she resigned from the post of women director. The Board of Directors of ABC Ltd., appointed Sanchi as a women director in the board meeting held on 16th September, 2023 to fill the vacancy of women director, which had occurred as a result of resignation of Mamta. Examine the validity of appointment of Sanchi as a women director with reference to the provisions of Companies Act, 2013. What would be your answer, if Sanchi is appointed as a women director in the board meeting held on 1st October, 2023 ?

(5 marks)

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- (c) Amit, who has vast experience in the area of managing a steel manufacturing company for more than 20 years and he has a qualification of MBA from the Indian Institute of Management, Ahmedabad. He is also a qualified Chartered Accountant. PQR Private Limited, engaged in the business of steel manufacturing, appointed Amit as Managing Director for life time, The Articles of Association of the Company provides for appointment of managing director for life time. Examine, in the light of the provisions of the Companies Act, 2013, whether such appointment is valid ? What would be your answer, if the company is a Government company in which he is appointed for the period till he retires from the Government service pursuant to such provision in the Articles of Association of the company ?

(5 marks)

- (d) Diamond Ltd. issued a notice for holding its annual general meeting on 5th September, 2023. The notice was sent to all members on 14th August, 2023 through e-mail which was received by them on the same day. Suneeta, who is a member of the company, holding 10% of share capital, alleged that the company has defaulted the provisions of the Companies Act, 2013 with regard to the length of notice and such meeting was not validly called. Referring to the provisions of the Companies Act, 2013, examine, whether the length of notice convening the annual general meeting is valid ? What will be your answer, if Diamond Ltd. is a section 8 company (i. e., a company not for profit) ?

(5 marks)

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

5. (a) Bhupesh is a director of ABC Ltd. which is a Government Company. The company has accepted deposits from public in the financial year 2020-21. As on 31st March 2022, deposits of ₹ 51 crore were outstanding and due date of repayment of deposit was 1st September, 2022. The financial position of ABC Ltd., turned bad and the company failed to repay the deposits which was due for repayment on 1st September, 2022 and such repayment was not made till date. Another company TNC Ltd. wants to appoint Bhupesh as a director in TNC Ltd. in its Annual General Meeting (AGM) to be held on 15th October, 2023. As a Company Secretary, advise to TNC Ltd., with reference to the provisions of the Companies Act, 2013, whether Bhupesh can be appointed as a director of TNC Ltd. ?

(4 marks)

- (b) The Board Meeting of Western India Fertilizers & Chemicals Ltd., an unlisted public company, with Registered Office at Mumbai, was called at 6.00 p.m. on Sunday, the 2nd April, 2023 at Shimla after issuing due notice. The total strength of the Board was 12. Position of two directors was vacant. Five directors attended the Board meeting—two directors including the chairman in person and three other directors through video conferencing from Los Angeles, USA. Having taken the first roll call and, after the chairman confirmed the presence of quorum, the internet connection of the three directors attending through video conferencing got disrupted and they did not attend the rest of the Board meeting. The chairman proceeded with the business of the

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meeting and declared that all the resolutions listed for the meeting were duly passed as the agenda papers and draft resolutions were already circulated to the directors along with the notice. Referring to the provisions of the Companies Act, 2013, decide the validity of the place of the board meeting and resolutions passed.

(4 marks)

- (c) “The role of audit committee on oversight of internal audit functions of a listed company is wider than the requirements of Companies Act, 2013”. Explaining which companies are required to constitute an audit committee and appoint an internal auditor, comment on the statement, referring to the relevant provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(4 marks)

- (d) The meeting of Board of Directors (BOD) of Amarchand Lalchand Exports limited, a listed company was called on Sunday, the 9th July, 2023 for consideration of quarterly financial results. One of the directors has recently shifted his residence and his present contact details have not been provided to the company. Referring to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 explain the period of notice, mode of service of notice to all directors including the director whose changed contact details are not available with the company and compliance requirement of intimating the stock exchange/s.

(4 marks)

- (e) Gem Quartzite Ltd., a top 100 listed company, is having 1,20,000 equity shares of face value Rs. 100, fully paid-up. The Annual General Meeting of the company was convened on 31st August, 2023 after due notice. Fifty members holding 1,00,000 equity shares attended the meeting. The resolution to appoint Shubudhi as an independent director was put to vote. 70,000 votes (including 60,000 votes by the promoter group) were cast in favour of the resolution and 30,000 votes were cast against the resolution. The chairman declared the resolution to appoint Shubudhi as Independent Director as passed. Referring to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, state, whether the decision of the chairman that resolution is passed is correct ? State your assumptions, if any.

(4 marks)

OR (Alternate question to Q. No. 5)

- 5A. (i) The Annual General Meeting (AGM) of Trimetal Bearings Limited, a listed company, was called on 31st August, 2023 after issuing due notice. 120 members were personally present at the AGM. After the chairman declared the presence of quorum, a section of the members disrupted the proceedings demanding bonus shares and higher dividend. After waiting the half an hour, as the members continued to disrupt the proceedings, the chairman adjourned the AGM to 15th September, 2023. Referring to the provisions of the Companies Act, 2013, state, whether the chairman of Annual General Meeting can adjourn the meeting *suo motu* ?

(4 marks)

- (ii) The COVID-19 pandemic has shifted India towards the digital businesses and the MCA and SEBI has allowed the companies to conduct their Board meetings as well as general meetings to hold virtually. As a Company Secretary answer the following questions of Board of Directors of Digital Ltd. (Listed Company) which is planning to conduct their Board meeting and General meeting through Video-Conferencing.
- (a) How to accommodate the shareholders who wants to ask questions in view of the large attendance of shareholders throughout the length and breadth of the country.
- (b) Why the proxy provisions are dispensed with in case of General meetings held through video-conferencing ?
- (c) Is it required to mention venue of the meeting in the notice ? If so, what would be the venue of the meeting, for meeting held through video-conferencing ?

(4 marks)

- (iii) The Board of Directors of Omega Computer Systems Limited, a listed company, consisted of twelve directors out of which the position of two directors were vacant, The Company Secretary, under the authority of the Chairman, sent a circular resolution on 1st July, 2023 to all directors both by registered post and email. By 7th July, 2023, out of ten directors, six directors assented to the proposal while four directors (including two interested directors) requested convening a proper Board meeting to decide the issue. Referring to the provisions of Companies Act, 2013, decide, whether the resolution by circulation is passed ?

(4 marks)

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- (iv) The following information is given as per audited accounts as on 31st March, 2023 :
(Rupees in crore)

Name	Status	Paid-up Capital (₹)	No. of Debenture- holders	No. of Shareholders
Sun Ltd.	Unlisted	125	Nil	1001
Moon Ltd.	Listed	575	1001	11000
Neptune Ltd.	Unlisted	9	1250	999

With respect to above answer the following :

- Which companies are required to constitute Stakeholders Relationship Committee (SRC) ?
- What is the minimum number of meetings to be held by SRC in a financial year.
- What is the minimum number of members in the constitution of SRC ?
- Who can be the Chairperson of the SRC ?

(4 marks)

- (v) Answer the following :

- Sudipto was appointed as Director of Pragati CNC Machines Limited. He already holds directorship in nine public companies and one private company which is a subsidiary of a public company. Decide the validity of his appointment.
- Debanand did not attend any Board Meeting of Albatross Refrigeration Limited for 16 months due to a severe medical condition with the permission of the Board. Can Debanand continue to be a director in the company ?
- Ratan, a director of Amaranth Seeds Limited did not pay the last call amount of ₹ 5 lakhs for the past seven months. The Call Notice never reached him due to loss in postal transit and hence it is his contention that he is not disqualified to be a director of the company. Decide the validity of his contention.

(4 marks)

PART—III

6. (a) A newly qualified Company Secretary has just started practice. The first assignment he received was certification of Annual Return of an existing listed company. He wants to know from you whether communicating with the earlier company secretary of the listed company about this assignment is mandatory and also the permitted mode of communication viz., telephone, certificate of posting, SMS, WhatsApp message and registered post acknowledgment due (RPAD). Referring to the provisions of the Companies Act, 2013 :
- (i) Advise, a newly qualified Company Secretary.
 - (ii) Will your answer differ, if the assignment is in respect of a certification of Change of Directors or filing of Annual Financial Statements ?
- (b) State those circumstances, under which a “postal ballot form” can be considered invalid according to the provisions of Secretarial Standard-II.

(5 marks each)

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