

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 16

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

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

PART-I

1. Case Study :

Sourav, Soumyadip, Sucharita and Sohini are four directors of Supershine Detergents Ltd. They decided to convene a meeting on 20th February, 2025 to discuss, consider and solve some issues the company is facing in the corporate secretarial compliances since few days. As there is no qualified Company Secretary at present in the company, they invited you, as a practising Company Secretary in the meeting, to take your valued views on the divergent issues and move forward accordingly.

Sohini started the discussion stating that five hundred equity shares of the company are presently held jointly by Dhiman, Bobby and Sam—their names appearing in the share certificates in this order. The joint shareholders want a transposition of the names in the order Sam, Dhiman and Bobby for in respect of three hundred shares. Sohini requested the members of the Board to analyse the if this is feasible.

Sourav updated the board members that the promoters of the company want to incorporate a company in the name and style of Rimjhim Tourism Corporation Ltd. in a scenic hilly town in the state of Uttar Pradesh. The proposed new company would deal with a different line of business. The new company after some years would become a subsidiary of Supershine Detergents Ltd. This strategic decision will increase the brand value of the Group. Sourav invited comments from his co-directors and asked you to examine the matter.

: 2 :

Sucharita mentioned that Vinod, an MBA (Finance) who is a member of the company for ten years wants to inspect the Register of deposits maintained by the company as required under the provisions of the Companies Act, 2013 and rules made thereunder. The secretarial officer of the company has refused to show the register for inspection, as Vinod did not divulge the reasons for inspection. She requested the other directors to look into the matter.

Soumyadip brought to the notice of his board colleagues that Srishti, proprietor of S. Nagori and Associates, Chartered Accountants, is holding the office of statutory auditor of the company since 2019-20. The Audit committee is very happy with the performance of the auditor. The firm has also expressed its willingness to continue as statutory auditor for FY 2024-25.

Soumyadip tabled the following figures from the audited financial statements of the company for year ended 31st March, 2024 :

Items	₹ in crores
Paid-up share capital	6
Turnover	35
Borrowings from financial institutions	60
Net worth	70

Soumyadip urged the other board members to examine the matter and take decision.

Before conclusion of the meeting all the four directors jointly raised the topic of creation of charge on assets of the company for the loan taken from State Bank of India for ₹ 4 Crore for the purchase of raw materials keeping security of company immovable property. They maintained their understanding that copy of every instrument evidencing any creation of charge is required to be filed with Registrar of Companies. However, the board members are confused over certain aspect of the matter and sought clarity on the matter.

: 3 :

Based on the above facts and integrated case, referring to the provisions of Companies Act, 2013, answer the following :

(a) Can the directors of the company allow transposition of names in the share certificate ? Advise the Board, whether form SH-4 is required to be executed.

(3 marks)

(b) Can a company be incorporated in the name and style of Rimjhim Tourism Corporation Ltd under the Companies Act, 2013 ? You being a practicing Company Secretary, examine.

(3 marks)

(c) Comment on the validity of action of the secretarial officer in refusal of inspection of register of deposits.

(3 marks)

(d) In light of the provisions of Companies Act, 2013, examine whether S. Nagori and Associates can be reappointed as statutory auditor for year 2024-25.

(3 marks)

(e) Advise the directors how the instruments evidencing creation of charge to be filed with Registrar is verified.

(3 marks)

2. (a) Can an Independent Director of a public listed company file a complaint with the NCLT against the management of the company for oppression and mismanagement ? Analyse as per the decided case laws meaning of oppression and mismanagement.

(3 marks)

: 4 :

- (b) Following is the financial information of Maximum Private Ltd. obtained from latest audited financial statement for the year ended 31st March, 2024 :

Items	Amount in ₹
Paid-up capital	3 Crore
Turnover	30 Crore
Borrowings	50 Lakh

There is no Company Secretary in employment in the company and Joy, Officer (Accounts) prepared annual e-form AOC-4 and submitted to Satish, practicing Cost Accountant for certification in place of practicing Company Secretary. With the given information, examine with reference to the provisions of the Companies Act, 2013, if certification of AOC-4 is really necessary.

(3 marks)

- (c) What are the consequences when a public limited company is incorporated by furnishing false information/by fraud ? Discuss as per the provisions under Companies Act 2013, when any act to be considered as fraud ?

(3 marks)

- (d) (i) What is pre-certification of e-Forms ?
(ii) What is straight-through process ?
(iii) What are the consequences if a professional falsely certifies an e-Form ?

(3 marks)

- (e) The Board of Directors of Hub & Links Logistics Private Ltd. passed a resolution on 2nd January, 2025 to remove its statutory auditor Sundar & Co., Chartered Accountants from office before expiry of term as the quality of audit was found to be improper and inappropriate.

: 5 :

Thereafter the company passed an ordinary resolution on 3rd February, 2025 for removal of the auditor. The auditor objected to this mode of removal. You are informed that no audit fee was remaining payable to the auditor. Discuss with reference to the provisions of Companies Act, 2013.

(3 marks)

3. (a) The abstract of the balance sheet of Trucks and Pickups Limited, a listed company as on 31/03/2024 is given below :

Item	Amount (₹ in crores)
Equity Shares Capital (FV 10 each)	30
10% Preference Share Capital	10
Reserves and Surplus	85
Capital Redemption Reserve Account	15
Long Term Borrowings	120
Short Term Borrowings	240
Short Term Provisions	20
Profit for the year (LOSS)	(-2)

The company has declared and paid dividend for the last three years as given below :

Year	FY 2020-21	FY 2021-22	FY 2022-23
Dividend %	20%	10%	30%

The company has incurred a loss of ₹ 2 crores in the current FY 2023-24. However, the BOD decided to continue the tradition of continuous dividend payment history of the company by declaring the eligible dividend for the current FY.

: 6 :

Explain the provisions of Companies Act, 2013 on payment of dividend in case loss/inadequate profit in the current year.

Decide on the amount of dividend payable to both equity and preference shareholders.
(5 marks)

- (b) Vijay and Purnima, husband and wife, started an Organic fertilizer company called Vipur Organic Fertilizer Private Limited. The entire share capital of the company is held by Vijay and Purnima in equal proportions.

Vijay and Purnima are also the only directors of the company. The Board of Directors of the company has appointed you as the CFO and Company Secretary.

Now Vijay and Purnima want to go on a world tour holiday costing ₹ 5 lakhs each and want the company to pay for the travel agency.

As the CFO and Company Secretary of the company, decide as per provisions under Companies Act, 2013 and decided cases, whether directors can use the company's money for the personal trips.

(5 marks)

- (c) The Board of Directors of Gallant Ltd. is contemplating to convert its status to a dormant company as it wants to start its business afresh after few years due to poor demand of its products in the market now. Sruti, an additional director has put before you, Manager (Secretarial), the following queries :

- (i) How many board meetings are required to be held by a dormant company ?
- (ii) Can the Registrar of Companies grant status of a dormant company, if there is a dispute in the ownership of the company ?
- (iii) Can dormant status be granted by Registrar, if there are no outstanding statutory taxes payable to any government but duties payable to local authority ?

: 7 :

- (iv) Mention any two attachments, other than resolutions, to be filed with e-form MSC-1 with the ROC for applying for change of status of dormant company. Prepare a note to be sent to the director.

(5 marks)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (a) Referring to the provisions of Companies Act, 2013 and the Rules made thereunder, explain, with reasons, whether the following persons are members of a company :
- (i) Ananya subscribed to the Articles of Association of a public company and agreed to take up 1000 shares of Face Value ₹ 10 each. Due to technical problems, the Registrar of Companies refused to issue Certificate of Registration to the proposed company.
 - (ii) The name of Anand, aged 12, was entered in the register of members of a public company. However, Anand never applied for the shares of the company.
 - (iii) Amal purchased 1000 shares Face Value ₹ 10 from Vimal and sent the share certificates along with the share transfer form to the company. The documents were lost in postal transit and never reached the company.
 - (iv) Ashok holds 1000 shares of Face Value ₹ 10 in a public company. Subsequently Ashok was declared bankrupt by the competent Court.
 - (v) Arpita holds 1000 debentures of Face Value ₹ 10 of a public company. The company defaulted payment of interest on the debentures for the last three years.

(5 marks)

- (b) Vishal, Chief Executive Officer (CEO) of Sigma Ltd., an unlisted company, has decided to place before the Board a proposal for rights issue of equity shares. In this connection Vishal wants to know from you, corporate secretarial advisor of the company, as follows :

- (i) The period of notice for offer;
- (ii) Does the offer deemed to include right of renunciation.

Advise the CEO referring to provisions of Companies Act, 2013.

(5 marks)

- (c) An investigation was ordered by Central Government under section 216 of the Companies Act, 2013 against Diya Steels and Aluminium Ltd. for determining true membership of the company. In connection with this investigation, it appeared to the Tribunal that there is sufficient reason to find out the facts about 8% optionally convertible redeemable cumulative preference shares issued by the company on 15.10.2023 and the Tribunal is of the opinion that unless restriction is imposed on further issue of such shares the purpose cannot be solved. Accordingly, the Tribunal by an order dated 15.08.2024 directed the company that further issue of such shares shall be subject to restrictions for a period of four years. Despite the order of Tribunal, the company proceeded with further issue of shares on 20.08.2024 in order to fund the working capital requirements for its expansion project.

Referring to the provisions of Companies Act, 2013 examine :

- (i) Can the Tribunal restrict further issue of shares ? If yes, then to what period ?
- (ii) What are the penal provisions in case of contravention of the above Order ?

(5 marks)

OR (Alternate question to Q. No. 4)

- 4A. (i) ABC Cargo Private Ltd. was incorporated on 28.03.2024. As per requirement of Companies Act, 2013, the company is to issue the share certificates to the subscriber of Memorandum of Association (MOA) within two months. The share certificates, to initial subscriber of MOA Rohan and Ram, were issued on 09.08.2024, as there was delay in receipt of share application money from initial subscribers. On a scrutiny, the Registrar of Companies imposed penalty on the company and its officers of ₹ 50,000 each. Discuss if the action of the Registrar is valid under Companies Act, 2013.

(5 marks)

- (ii) A segment of depositors of Roshni Ltd. having net worth of ₹ 200 crore were concerned about the company's performance suspecting obvious negligence and mismanagement of the affairs of the company that may be detrimental to the interests of the company. Therefore, they wish to apply before the Tribunal seeking an appropriate order to restrain the company from committing an act which is ultra vires the articles or memorandum of the company.

In this scenario the aggrieved depositors have approached you, company secretary in practice and proficient in handling Tribunal cases the following queries :

- (a) What is the requisite number of depositors needed for making an application to Tribunal ?
- (b) What will be the consequence, apart from rejecting the application, if the Tribunal finds the application to be vexatious ? Advise in terms of provisions of Companies Act, 2013.

(5 marks)

: 10 :

(iii) Bakul has recently joined the board of Lalan Lubricants Ltd. The company is in manufacturing sector and Bakul is of the opinion that based on the turnover of the company, cost audit might be applicable for financial year 2025-26. He wants to know the following from you, Chief Manager (Secretarial) of the company :

- (i) the authority who appoints the cost auditor and when;
- (ii) the prescribed format of cost audit report, if any;
- (iii) 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 and when.

Write a brief note to nominee director Bakul in terms of provisions of Companies Act, 2013.

(5 marks)

PART-II

Case Study :

5. Edge Ltd. was incorporated in November, 2021 in Odisha with the objective of manufacturing water purifier. The plant was commissioned in May, 2022 at a cost of ₹ 400 crore. It was financed partly by the promoters (80%) and balance from bank loan. Currently, Edge Ltd. is not a listed company but plans to get listed in next year.

Over a period of time, Edge Ltd. has evolved to become one of India's top ten manufacturer of water purifier and is also eyeing to have a share in the export market. It won an award in an all India based trade fair organised by a Chamber of Commerce.

The company has now 300 members. The Board consists of ten directors.

Case I :

Two out of ten directors of the company have retired by rotation at the last annual general meeting. These two vacancies or place of retiring directors is not filled up and the meeting has also not expressly resolved 'not to fill the vacancy'. Since the AGM could not complete its business, it is adjourned to a later date. Neither place of retiring directors could be filled up at the adjourned meeting nor did the meeting expressly resolve 'not to fill the vacancy'.

Case II :

Due to diversification and expansion of activities, the board desires to increase the number of directors. In their last meeting, it appointed following two persons as directors :

- (a) Amit—He holds directorship in eleven companies including ten public companies. He is a whole-time Chartered Accountant in practice.
- (b) Romit—He holds directorship in eight public companies including managing directorship in one and other directorship in seven companies. In addition, he also holds alternate directorship in three private companies.

Case III :

The company has an authorised capital of ₹ 200 lakh and paid-up capital of ₹ 160 lakh. Free reserves are available to the extent of ₹ 120 lakh. Edge Ltd. has advanced a loan of ₹ 128 lakhs to other companies till date. Now the company proposes to advance an interest free loan of ₹ 48 lakh to its wholly owned subsidiary.

Case IV :

29% of equity in the company is held by the Government of Odisha in the name of the Governor of the State. When the company proposed to hold its annual general meeting (AGM) for the last year, the Collector of the district of Ganjam where the company is situated insisted on receiving the notice of the AGM and wanted to attend the meeting.

Case V :

Atanu joined the Board of Edge Ltd. as additional director on 1st January, 2025. On 2nd January, 2025 he sent an email to you, Company Secretary of the company, that he wanted to inspect the minutes of board meeting held on 7th June, 2024 in which the directors's report for the year 2023-24 was approved.

Based on the above facts and integrated case, answer the following referring to the provisions of Companies Act, 2013 :

- (a) Whether in such a situation the retiring directors shall be deemed to be re-appointed at the adjourned meeting ? What is your answer in case at the adjourned meeting resolutions for re-appointment of these directors were lost ?

(5 marks)

- (b) Analyse the validity of the appointment of Amit and Romit as directors in Edge Ltd.

(5 marks)

- (c) Discuss the validity of proposed transaction of advancing interest free loan to wholly owned subsidiary with reference to provisions of Companies Act, 2013.

(5 marks)

- (d) In respect of notice of AGM comment on the legality of claim of Collector to receive meeting notice.

(3 marks)

- (e) Examine if claim of Atanu for inspection of board minutes given in the case is tenable under Companies Act/Secretarial Standards.

(2 marks)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (a) Delta Flight Simulators Limited, a listed company, incorporated on 1st April 2020, has given the following information :

: 13 :

Rupees in Crores

Item	FY 2020-21	FY 2021-22	FY 2022-23
Equity Share Capital	100	100	100
Preference Share Capital	50	50	50
General Reserve	350	400	475
Revaluation Reserve	100	100	100
Revenue from Operations	750	850	1000
Profit After Tax	70	140	210
Tax Rate (on Gross Profit)	30%	30%	30%

Due to oversight, the company has neither constituted Corporate Social Responsibility (CSR) Committee nor spent any amount on CSR activities for the last three years.

You are required to compute the following :

- (a) Ascertain the eligibility to constitute CSR Committee.
- (b) Minimum CSR expenditure to be incurred for the years FY 2021-2022 and FY 2022-2023.
- (c) Penalty amount for the years FY 2021-2022 and FY 2022-2023.

(5 marks)

- (b) Prabal, Executive Director of your company having paid up share capital ₹ 300 lakh fears that in the upcoming extraordinary general meeting on resolution for capital reduction, there will be lots of disturbances and unruly behaviour in the meeting from shareholders. Being the Compliance Officer of the company, you are approached by Prabal to send him a note on :

: 14 :

- (i) Who can demand for a poll ?
- (ii) When is the scrutinizer required to submit his report ?
- (iii) What is the rule for preservation of postal ballots ?

Advise your Executive Director in light of the provisions of Companies Act, 2013.

(5 marks)

- (c) Draft a resolution for creation of security on the properties of the company in favour of the lenders, stating the authority, type of resolution and relevant provisions of the Companies Act, 2013.

(5 marks)

- (d) You are the Assistant Company Secretary of GH Ltd. Anirban, Chief Manager (Secretarial & Legal) has advised you to prepare a model board resolution for preparation of annual report in abridged form for mailing to the members of the company. Draft the resolution. Assume facts and figures.

Rajen is a Company Secretary in employment in a reputed company for last twenty years. Few non-working directors in the Board are not satisfied about the way he recently handled a show cause notice under FEMA thereby causing harassment to the Board. Rajen believes that he will be removed from his position. Examine if Rajen can be removed from his position by passing an ordinary resolution in a general meeting of members.

(5 marks)

OR (Alternate to Q. No. 6)

- 6A.** (i) Comment on the following :
- (a) All Key Managerial Personnel (KMP) are appointed by the members at the Annual General Meeting.
 - (b) Every company with a paid-up capital of ₹ 50 crore or turnover of ₹ 250 crore or borrowings of ₹ 100 crore should appoint KMPs.

: 15 :

- (c) Any vacancy of KMPs can be filled-up by the appointing authority viz., the members at AGM within three months.
- (d) Provisions of the Act on appointment of KMPs are not applicable to Government Companies.
- (e) Every company should intimate the stock exchange on the appointment of KMPs.

(5 marks)

- (ii) (a) You being the Deputy Company Secretary of a company have been asked by one of the directors, who will be signing the Board Report, what is meant by the Directors' Responsibility Statement. Answer in pursuance of provisions of Companies Act, 2013.
- (b) Annual return of unlisted company Faithful Ltd. having a turnover of ₹ 75 crore and net profit of ₹ 5 crore, is signed by the Managing Director and a Whole Time Director, whether this annual return is to be certified by a Practicing Company Secretary, if so suggest the board under which form it has to be certified by the Practicing Company Secretary.

(5 marks)

- (iii) Draft a sample proxy form with notes for members of PQR Promex Ltd. in relation to a general meeting in terms of provisions of Companies Act, 2013.

(5 marks)

- (iv) (a) The Board of Directors of Creative Pest Control Ltd. resolved to pay sitting fees per meeting, as follows to its members :

Director	Position	Amount in ₹
Avik	Executive	70,000
Bulbul	Non-executive non-independent	50,000
Chirag	Independent	60,000
Dipika	Woman	1,20,000

The statutory auditor performing audit has remarked that this resolution is not valid. Comment on the remark of the auditor referring to provisions of the Companies Act, 2013.

- (b) During an internal audit of Silent Housing Finance Ltd., it was ascertained that director Goutam has received remuneration in excess of the limits indirectly. The company advised him to refund the amount within five months. Goutam protested for allowing such a less time. Is the objection of Goutam tenable under Companies Act, 2013 ? Discuss.

(5 marks)

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