

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

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

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

1. Comment on the following :

- (a) A director insists that his note of dissent be recorded in the minutes of the Board meeting which he attended and did not agree to some of the points of the agenda.
- (b) A member of a company has statutory right to appoint proxy for attending the general meeting of the company. Similarly, a director can also appoint his proxy for attending the meetings of Board of directors of the company.
- (c) Issue of unsecured debentures by a company to another company, where the debentures have an option for compulsory conversion into equity shares within seven years, cannot be termed as deposits.
- (d) A meeting of the Board of directors was scheduled to take place at the factory premises of a company and not at the registered office. At the scheduled date and time, the required quorum was not present. The Chairman of the meeting announced that the meeting is dissolved.

(5 marks each)

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

2. Distinguish between the following :

- (a) 'Annual general meeting' and 'extraordinary general meeting'.
- (b) 'Associate company' and 'subsidiary company'.
- (c) 'Mortgage' and 'charge'.
- (d) 'Transfer of shares' and 'transmission of shares'.

(4 marks each)

**OR (Alternate question to Q.No. 2)**

- 2A. (i) It has been found that Mrs. Shweta, director of a company, has drawn remuneration in excess of the prescribed limits. The Chief Financial Officer of the company has sought your advice in the matter. As the Secretary of the company, advise the Chief Financial Officer, the course of action that may be taken in this regard.

(4 marks)

- (ii) There are seven shareholders in a private limited company having registered office in Chennai. Six shareholders are French nationals and belong to the same family holding an aggregate of 95% voting rights. These shareholders are unable to come down to Chennai and wish to hold the company's annual general meeting in Paris. Advise whether the meeting can be held in Paris.  
(4 marks)
- (iii) Kamal, the promoter of Desire Ltd., has incurred ₹1 lakh for formation of the company. The company refuses to pay all the expenses so incurred by Kamal since the company does not have any provision in the Articles of Association for such payment. Advise Kamal regarding the remedy available to him for his claim.  
(4 marks)
- (iv) Divine Industries (Pvt.) Ltd. has a turnover of ₹350 crore during the financial year 2014-15. The bankers of the company have advised the company to compulsorily appoint a woman director in the company as required under the Companies Act, 2013. Referring to the provisions of the Act, examine the validity of the banker's advice. What would be your answer in case the company in question is a public limited company ?  
(4 marks)

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

3. (a) Peculiar Ltd., an unlisted company, did not prepare its financial statements for the year ended 31<sup>st</sup> March, 2016 in conformity with some of the mandatory accounting standards. With reference to the provisions of the Companies Act, 2013, state the responsibilities of the directors and statutory auditors of the company in this regard.
- (b) A three-year old producer company wants to donate some amount. Advise the company as to how and for what purposes such donation can be made. What are the monetary restrictions in this regard ? In this context you are also informed that the net profit of the producer company for the last accounting year was ₹12 lakh.
- (c) At the annual general meeting of Soya Ltd., a matter was to be transacted by passing a special resolution. Out of 40 members present, 20 voted in favour of the resolution, 5 voted against it and 5 votes were found invalid. The remaining 10 members abstained from voting. The Chairman of the meeting declared the resolution as passed. Referring to the provisions of the Companies Act, 2013, examine the validity of the Chairman's declaration.
- (d) Suresh, a member of Ruchi Ltd., wants to inspect the register of deposits maintained by the company as required under the provisions of the Companies Act, 2013. The company refused to provide the register for inspection without assigning any reason. Referring to the provisions of the Act, examine the validity of the company's refusal. What shall be your answer if the same Register is demanded by the statutory auditors of the company for inspection and for their audit ?

(4 marks each)

: 3 :

*OR (Alternate question to Q.No. 3)*

- 3A.** (i) Novel LLP, Trademark & Patent Attorneys, have been successfully running their business for the last five years. They have fixed assets in the form of intangibles (software) worth ₹75 lakh in their balance sheet. Advise as to whether their accounts are to be audited.
- (ii) Out of 9 directors in Rooftop Ltd., 5 are Indian nationals, 3 are foreign residents and one is a person of Indian origin. The articles of the company stipulate that quorum for a Board meeting shall be 5 directors of which at least one director shall be a foreign resident. Referring to the provisions of the Companies Act, 2013, examine the validity of the above provision in the articles.
- (iii) Board of directors of KM Ltd. proposes to transfer 11.33% of the net profits of the company for the financial year 2015-16 to general reserves. Examining the provisions of the Companies Act, 2013, advise the Board whether it can go ahead with its proposal.
- (iv) Priya, a nominee director on the Board of Aroma Ltd., a listed company, informed the Board of directors during a Board meeting that the next annual report of the company shall contain a 'Management Discussion and Analysis Report'. You being the Company Secretary have been asked by the Board to prepare the said report. State the matters you would include in the report.

*(4 marks each)*

- 4.** (a) Ria Technologies Ltd. was incorporated 10 years back. The Board of directors now wants to change its name to Ria Systems Ltd. Draft a notice and the explanatory statement for calling an extraordinary general meeting of the company for change of its name, assuming relevant data.
- (b) Barkha Ltd. has four directors on its Board. A Board meeting was convened which was attended by only two directors, where Rekha was appointed as an additional director. Rekha is related to both the directors. Referring to the provisions of the Companies Act, 2013, examine the validity of the appointment.
- (c) Rise Ltd., a company with diversified interests, has constituted Investor Education and Protection Fund as required under the provisions of the Companies Act, 2013. The company has so far not deposited any amount to the fund. The President (Finance) has asked you, the Company Secretary, to submit a note on amounts payable to the credit of the fund and the period within which amount shall be paid. Prepare the said note.
- (d) Six persons are the only members of Tab (Pvt.) Ltd. All of them went to USA on a pleasure trip by aeroplane. On the way, the plane crashed and all the six members died. Does Tab (Pvt.) Ltd. still exist ? Decide.

*(4 marks each)*

5. (a) Board of directors of Progressive Ltd. decides to issue equity shares of the company with differential voting rights. Examining the provisions of the Companies Act, 2013, state the conditions to be complied with by the company in this regard.  
(8 marks)
- (b) Define the term 'deposits' and list out the receipts of money which are not considered as deposits.  
(8 marks)
6. (a) Mrs. Rukmini is the statutory auditor of Energies Ltd. Free reserves of the company are four times more than the paid-up share capital. The company has Rohit, as secretarial auditor. There is a cost auditor, Amit, and an internal auditor, Sunil. Examining the provisions of the Companies Act, 2013 read with the secretarial standards, advise the company as to who is/are required to be present at the forthcoming annual general meeting of the company.  
(4 marks)
- (b) Referring to the provisions of the Companies Act, 2013 relating to 'corporate social responsibility' (CSR), answer the following :
- (i) Which activities would not qualify as CSR ?
- (ii) Whether the average net profit criteria for CSR is before tax or after tax ?  
(4 marks)
- (c) Five Board meetings were held in Asha Ltd. during the period from January to June in the calendar year 2016. Rajeev, an additional director, attended none of these meetings. For the first two meetings he sought leave of absence from the Board but did not inform the Board for the remaining three meetings. Examining the provisions of the Companies Act, 2013, decide whether he is disqualified to act as a director.  
(4 marks)
- (d) Examining the provisions of the Companies Act, 2013, explain the powers of the Central Government to order amalgamation of companies in public interest.  
(4 marks)