

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 8

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

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

1. (a) Rajesh & Ramesh Co., Chartered Accountants, are the statutory auditor of FDE Textiles Pvt. Ltd.

DEF Products Ltd., the holding company of FDE Textiles Pvt. Ltd., is considering to allot assignment of designing of financial information system to Rajesh & Ramesh Co. Comment and advise the Board of directors of DEF Products. Ltd. on the above.

(5 marks)

(b) Critically evaluate the following statement :

“The ultimate objective of an IPO is to maximize the wealth of the promoters rather than raising funds.”

(5 marks)

(c) Board of Directors of Supershine Detergents Ltd., a listed company having accumulated free reserves of rupees five hundred and fifty crores, authorized share capital of rupees seventy five crores and paid up share capital of rupees fifty crores is considering a proposal to capitalize part of the reserves by issue of Bonus shares in the ratio of 1 : 1 to its shareholders. You, being the Secretary of the company, Management seeks your advice on the matter.

Prepare action plan to be submitted to the Board at the next board meeting and for successful implementation of the proposal.

(5 marks)

: 2 :

(d) Goodwill Electronics OPC incorporated on 1st July, 2015 as a One Person Company with an authorized and paid up share capital of rupees forty lakhs recorded turnover of rupees forty five lakhs in the first nine months ended 31-3-2016 and Rs. 135 lakhs during the next nine months ended 31-12-2016. Having seen the fast growing potential of his business in the IT-ES sector, Mr. Victor, promoter and sole director of the Company desires to make further investment of Rs. 50 lakhs from his friends. He seeks your advice on the following :

(i) Whether Mr. Victor can issue shares to his friends without changing the constitution of the Company;

(1 mark)

(ii) If his friends desire to invest in the share capital of the Company to help Mr. Victor expand the business, how he can make further issue of shares to his friends;

(3 marks)

(iii) Whether Mr. Victor can include two or three of his friends as directors of the Company to support him in the management of the Company.

(1 mark)

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

2. (a) You are a Company Secretary in practice. The would be promoters of a company have asked you about stamping and dating of Memorandum and Articles of Association. Advise them.

(4 marks)

: 3 :

- (b) (i) Explain the purpose of fixing the record date by a listed company.
- (ii) Explain whether the Articles of Association of a company can provide for payment of dividend by a company in proportion to the amount paid up on its equity shares.
- (4 marks)
- (c) (i) Explain the composition of a Nomination and Remuneration Committee constituted by the Board of Directors of a listed company.
- (ii) Who shall be the Chairman of the Nomination and Remuneration Committee ?
- (iii) Can the Nomination and Remuneration Committee recommend to the Board of Directors to extend the term of appointment of Independent Directors ?
- (4 marks)
- (d) Assuming that you are appointed as Scrutinizer for conducting Postal Ballot and for furnishing details of Result of the Postal Ballot to the Chairman of the Company, prepare Scrutinizer's Report for the Chairman of the company to declare result of the ballot. Assume facts and figures.
- (4 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) In what way does the Companies Act, 2013 regulate the payment to a director towards compensation for loss of his office ? State the circumstances in which the company is not bound to pay any compensation to a director for loss of his office.
- (4 marks)

: 4 :

- (ii) PQR Limited, by amending its Articles of Association, inserts the following clauses :
- (a) Members of the company shall be bound by the new clause even though they voted against it.
 - (b) A resolution has been passed to make the share capital of the company fixed.
 - (c) A resolution has been passed in the general meeting to give 30 days notice to members for holding general meeting.

Ascertain if the above clauses of the articles are valid as per Companies Act, 2013.

(4 marks)

- (iii) Should there be any exclusive meeting of independent directors ?

Referring to the provisions of the Companies Act, 2013, examine whether in the following cases, companies are required to appoint Independent Director :

- (a) Support Limited has paid-up share capital of ₹ 5 crore. Support Limited is a non-banking non-financial company.
- (b) Energies Limited has turnover of ₹ 200 crore.

Both these companies are not listed at any of the Stock Exchanges.

(4 marks)

- (iv) Xavior Housing Cooperative Society registered under the Societies Registration Act, 1860 has not been functioning for the past few years. Governing council of the society at its council meeting held on 21-2-2017 unanimously decided to dissolve the Society, recording that it has accomplished the objective of providing housing facilities to all its members. Governing body of the society seeks your advice/guidance for dissolution of the Society and transfer of assets.

Advise.

(4 marks)

: 5 :

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

3. (a) The following information are available for Sidhana Ltd. :

	(₹ in Crores)
Paid up Equity Share Capital	80
(8 crore equity shares of ₹ 10 each)	
General Reserve	60
Share Premium	40
Secured Loans	65

(Including cash credit limit of ₹ 50 Crores from Unity Bank)

- (i) Whether the company is eligible to accept deposit from its members and public ? Calculate the quantum of deposit that can be accepted from its members and public and Deposit Repayment Reserve.
- (ii) Can Sidhana Ltd. borrow by way of a term loan of ₹ 200 Crores from MM Bank ?

(4 marks)

- (b) Prashant is the GM (Secretarial) of Magnificent Housing Finance Ltd. Its paid up capital is ₹ 51 lakhs. The company took ₹ 15 lakhs from him under an employment contract. Prashant is paid a salary of ₹ 2 lakhs per month. The amount of ₹ 15 lakhs taken from him is interest bearing. Advise if there is any non-compliance of provisions of Companies Act, 2013.

(4 marks)

- (c) Sona is a director elected by small shareholders of Rupa Ltd. In this matter, with reference to the provisions of Companies Act, 2013 :

- (i) Explain whether a director elected by small shareholders is eligible to be appointed as independent director.
- (ii) What is the tenure of such director ?
- (iii) What is the minimum number of equity shares to be held by Sona ?

(4 marks)

: 6 :

- (d) PQR Textiles Ltd., a listed company covered under the relevant Rules and Section 148 of the Companies Act, 2013 for appointment of Cost Auditors, has appointed CMA Suresh as cost auditor of the company for the financial year 2016-17. Management of the company desires to appoint the same Cost Auditor for the next financial year also. Explain the procedure for reappointment of the same Cost Auditor for the next financial year.

(4 marks)

OR (Alternate question to Q. No. 3)

3A. Write notes on the following :

- (i) NFRA
- (ii) Cancellation of share capital
- (iii) Deemed prospectus
- (iv) Appointment of directors by Tribunal.

(4 marks each)

4. (a) Provisions with reference to Related Party Transactions under SEBI (LODR) Regulations 2015 are wider in scope than Section 188 of the Companies Act, 2013 and the rules prescribed thereunder. Discuss.

(8 marks)

- (b) Member of a company, after exercising his vote by remote e-voting on all the resolutions included in the Notice of the Annual General Meeting during the permitted e-voting period and after sending a proxy to attend the meeting, attends the meeting himself and demands to vote on the resolutions at the meeting.

As Secretary of the company how will you handle that situation at the meeting ?

(4 marks)

: 7 :

- (c) Draft specimen of a resolution appointing auditor of the company to fill vacancy caused by resignation.

(4 marks)

5. (a) Smriti Technologies Ltd. was incorporated before 9 years. It is being observed that the net worth is eroded by its accumulated losses as at 31-03-2017. However, in relation to general meeting of the company, examine the powers of the Chairperson to adjourn the meeting suo moto. Referring to the provisions of the Companies Act, 2013, answer the following :

- (i) Whether a fresh notice is required to be given for adjourned meeting ?
(ii) Whether a new business not stated in the original agenda can be transacted at the adjourned meeting ?
(iii) What consequences follow in case the meeting is a requisitioned meeting and the required quorum is not present at the scheduled date and time ?

(4 marks)

- (b) Enumerate the conditions specified under Rule 4 and Rule 5 of the Nidhi Rules 2014 for registration of a Nidhi Company under the provisions of Companies Act, 2013.

(4 marks)

- (c) Tiny Products Ltd. is quoted in Mumbai Stock Exchange. Before 3 years, its name was changed from Small Products Ltd. It proposes to issue 10 lakh sweat equity shares of the company to a non-executive director for providing technical know how. The CFO of the company has approached you, being the Company Secretary, how to determine the issue price. Advise CFO.

(4 marks)

- (d) Identify the companies which cannot be removed by Registrar of Companies from its Register.

(4 marks)

6. (a) What do you mean by Class Action Suit ? Discuss with reference to eligibility criteria for class action, nature of relief and effect of Tribunal's order. (4 marks)
- (b) Sarath Enterprises Ltd. having obtained certificate dated 1-5-2015 from the RoC Chennai, granting the status of 'Dormant Company' desires to restore its business. Advise the company to get the dormant status cancelled to restore its business. (4 marks)
- (c) Vinodh Ltd. paid the last installment of the term loan with interest on 25th January, 2017 to its bank and requested the bank to issue 'No Dues Certificate' confirming total repayment of the term loan of ₹ 450 lakhs availed from the bank in 2010. However, the bank had to verify the accounts of the company before issuing the letter confirming repayment of all the dues to the bank. In that process the company could get the bank's letter only on 3-3-2017. Bank's letter mentioning 25th January, 2017 as the date on which the company cleared all the dues of the bank and that the charge created to secure the term loan could be treated as satisfied on that date. Since more than 30 days has lapsed after repayment of the term loan, company is required to apply to the Central Government to condone the delay in filing satisfaction of the charge. You, being the practising Secretary, the company seeks your advice for getting the Central Government's order condoning the delay.
- Advise examining the provisions of Companies Act, 2013 and Rules. (4 marks)
- (d) Whether the following persons who are qualified company secretaries, can be issued Certificate of Practice ?
- (i) An advocate holding certificate of practice issued by Bar Council of Rajasthan.
- (ii) An elected member of Lok Sabha from Delhi.
- (iii) A person who is blind.
- (iv) A farm owner engages in agricultural activities with the help of hired labour. (4 marks)

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