

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) The Board of Directors of ABC Ltd. has agreed in principle to grant loan of ₹ 6 crores to XYZ Ltd. :

ABC Ltd. has provided the following information :

| | |
|----------------------------|-------------|
| Authorised Share Capital | ₹ 15 crores |
| Paid up Share Capital | ₹ 10 crores |
| Free Reserves | ₹ 4 crores |
| Securities Premium Account | ₹ 1 crore |

ABC Ltd. has already given loan of ₹ 3 crores to another company namely PQR Ltd. and has made investment of ₹ 2 crores in the shares of other companies.

What advice would you give to the Board of Directors of ABC Ltd. about the proposed loan to XYZ Ltd. in the light of provisions of the Companies Act, 2013 and the rules made thereunder ?

(5 marks)

- (b) What is “Entrenchment” ? State the provisions of Companies Act, 2013 and the rules made thereunder with regard to “Entrenchment”.

(5 marks)

: 2 :

- (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) Draft a resolution for reappointment of an independent director of a listed company for the second term of five years, stating the authority, type of resolution and relevant provisions of the Companies Act, 2013.

(5 marks)

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

2. (a) Write a short note on 'AGILE'.

(4 marks)

- (b) As per the last audited financial statements the borrowings of MNL Ltd. from Banks is ₹ 90 crores. Advise the company on the provisions of the Companies Act, 2013 and the rules made thereunder regarding the vigil mechanism.

(4 marks)

- (c) Royal Ltd., an unlisted company is having issued and paid up share capital of 40,00,000 equity shares of ₹ 10 each. In the annual general meeting Mr. Karan holding 3,40,000 equity shares has appointed Mr. Mayur as his proxy. Also Mrs. Mona holding 85,000 equity shares has appointed Ms. Radha as her proxy. In the annual general meeting, both Mr. Mayur and Ms. Radha demand poll on a resolution. What Advice would you give to the Chairman of the meeting ?

(4 marks)

: 3 :

- (d) Ajit is a Director of PQR Ltd. The Board of Directors of the company is considering a proposal for the purchase of its office premises for which is owned by Ajit by issuing fully paid equity shares as consideration. What advice would you give to the Board of Directors keeping in view the provisions of the Companies Act , 2013 in respect of such transactions ?

(4 marks)

OR (Alternate question to Q.No. 2)

- 2A. (i) Mukund, Director of PLK Ltd. desires to resign as Director of the company. Advise Mukund on the provisions of the Companies Act, 2013 for resignation of a Director and actions to be taken by the Director and the company.

(4 marks)

- (ii) Explain whether the following transactions will be considered as 'deposits' under the relevant provisions of the Companies Act, 2013 and the Rules made thereunder :

- (1) Prashant is Promoter and Managing Director of XYZ Ltd. an unlisted company. Prashant and his wife Meera have extended total unsecured loan of ₹ 80 lakhs to the company in pursuance of the stipulation by Bank for the loans extended.
- (2) ABC Ltd. has received advance of ₹ 20 lakhs on 1st April, 2018 from Great Ltd. for supply of goods. The amount is outstanding till date but is subject matter of legal proceedings in the Court.

(4 marks)

: 4 :

(iii) Liberty Ltd. is public company with 229 members as under :

| | No. of members |
|--|-----------------------|
| Directors and their relatives | 12 |
| Employees | 24 |
| Ex-Employees [shares were allotted when they were Employees] | 28 |
| Others | 165 |
| Total | 229 |

The Board of Directors have resolved to convert the company into a private company. What actions will be required to be taken by the Board of Director for reduction in the number of members as required under the Companies Act, 2013 and the rules made thereunder.

(4 marks)

(iv) Briefly state the forms, registers and return prescribed under the Companies [Significant Beneficial Owners] Rules, 2018.

(4 marks)

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

3. (a) The Board of Directors of PQR Ltd. incorporated on 23rd January, 2019, having paid up equity share capital of ₹ 10 crores divided into 1,00,00,000 equity shares of ₹ 10 each, have resolved to issue 20,00,000 equity shares of ₹ 10 each at the face value, as sweat equity shares to Makarand, Director for providing technical know-how. Advise the Board of Directors on various steps to be taken with respect to the proposed transaction.

(4 marks)

: 5 :

(b) Deep Ltd. declared dividend but failed to make payment to shareholders. Advise the company about the consequences for such a default. Please also list out the circumstances under which a company is not deemed to have committed an offence with regard to non-payment of dividend.

(4 marks)

(c) FGH Ltd. incorporated in 2015 and its financial year is ending 31st March. The company had held its annual general meeting on 10th July, 2018. Thereafter the company has not held its annual general meeting till end of November, 2019. Manoj, a shareholder approaches you for guidance. Briefly discuss the provisions of the Companies Act, 2013 and the rules made thereunder and advise Manoj about his rights in these circumstances.

(4 marks)

(d) Dipen is Director in nine public limited companies, one dormant public limited company and ten private limited companies. Dipen is invited by JKL Ltd. to join as Director. Discuss the relevant provisions of the Companies Act, 2013 and advise Dipen.

(4 marks)

OR (Alternate question to Q. No. 3)

3A. (i) Dinesh, Chartered Accountants is statutory auditors of PQR Ltd. MNP Ltd., a subsidiary company of PQR Ltd. propose to give assignment of actuarial services to Ramesh, Chartered Accountant, son of Dinesh. Advise MNP Ltd. about the legality of the above proposal.

(4 marks)

: 6 :

(ii) You are approached by the Board of Directors of KLM Ltd. for advise on the procedure for variation of members' rights under the Companies Act, 2013 and the rules made thereunder. Advise the Board of Directors.

(4 marks)

(iii) The Board of Directors of Williams Ltd. have resolved as under :

(i) Appoint Mohan as Alternate Director of Rakesh, Director. Mohan is already appointed as Alternate Director to Prakash, Director.

(ii) Appoint Mitesh, a Director of the company as Alternate Director of Manoj, Director.

State the provisions of the Companies Act, 2013 and comment on the legality of the above decisions of the Board of Directors.

(4 marks)

(iv) Draft a resolution confirming the remuneration of cost auditors stating the authority, type of resolution and relevant provisions of the Companies Act, 2013.

(4 marks)

4. (a) Ms. Monica is a director elected by small shareholders of PLQ Ltd. She has approached you for advice on the following :

(i) Whether a director elected by small shareholders is eligible to be appointed as independent director ?

(ii) What is the tenure of a director elected by small shareholders ?

(iii) Can a director elected by small shareholders be associated with the company after completion of the tenure of his/her office ?

(iv) Can a director elected by small shareholders be appointed in similar capacity in three or more companies ?

What advice would you give her ?

(4 marks)

: 7 :

- (b) Ratanlal, a member of Rajratna Ltd. has given notice to the company for inspection of the contract of service with Manohar, Managing Director. Advise the company.
(4 marks)
- (c) Draft a resolution for keeping and maintaining the registers of members and debenture-holders with index and other statutory registers at the place other than the registered office of the company, stating the authority, type of resolution and the relevant provisions of the Companies Act, 2013.
(4 marks)
- (d) State the provisions of the UK Companies Act, 2006 for keeping of Register of Secretaries.
(4 marks)
5. (a) The Board of Directors of X Ltd.—an unlisted company—having turnover of ₹ 250 as per the last audited financial statements approach for your advice for constitution, composition and functions and powers of the Nomination and Remuneration Committee. Advise X Ltd.
(8 marks)
- (b) The Board of Directors of ABC Ltd. approaches you for advice on the voluntary revision of financial statements or board reports of the company as per the Companies Act, 2013 Advise the Board of Directors.
(8 marks)
6. (a) Manoj was appointed as Managing Director of Silver Ltd. for 5 years. He resigns from his office after completing 2 years with Silver Ltd., for joining as Managing Director of another company and demands compensation from the company. The Board of Directors of Silver Ltd. approach you for advise as a Practicing Company Secretary. Briefly discuss the relevant provisions of the Companies Act, 2013 and advise.
(4 marks)

: 8 :

- (b) (i) Star Ltd. has 3425 members. Advise the Board of Directors of the company on the quorum of its Annual General Meeting.
- (ii) ABC Ltd. was registered under the companies Act, 2013 in May, 2018. Can the company contribute to a recognized political party. Advise.

(4 marks)

- (c) State the matter along with relevant sections(s) of the Companies Act, 2013 for which the following E-Forms are required to be filed :

- (1) E-Form No. INC 18
- (2) E-Form No. CHG 6
- (3) E-Form No. CRA 4
- (4) E-Form No. FC 4

(4 marks)

- (d) BCD Ltd. has paid up share capital of 40,00,000 equity shares of ₹ 10 each. Kalyan holding 40,000 equity shares has given notice to the company for inspection of the books of accounts of the company. Advise the company.

(4 marks)

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