

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.

PART-I

1. Comment on the following :
- (a) The Companies Act, 2013 does not provide statutory recognition to the doctrine of lifting of corporate veil. Only judicial interpretations disregard the concept of separate personality.
 - (b) The provisions of the Companies Act, 2013 relating to compromises and arrangements are uniformly applicable to all companies.
 - (c) An unregistered charge shall be void against the liquidator and other creditors of the company.
 - (d) Certain members of a company are allowed to offer for sale their shareholding in the company to the public, such offer document is deemed to be a prospectus issued by the company.

(5 marks each)

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

2. (a) While adopting accounts for the year, the Board of directors of Prima Ltd. decided to consider the interim dividend @ 12% as final dividend and did not consider transfer of profit to reserves. Explain whether decisions of the Board were justified referring to relevant provisions.
- (b) What are the 'related party disclosures' required to be made by listed entities as per SEBI Regulations ?

(3 marks)

(3 marks)

: 2 :

- (c) Green Commercial Ltd., an unlisted company, has made a preferential offer of shares for consideration other than cash. A question has been raised by the accounts department as to the valuation of consideration at allotment and the manner of treatment of non-cash consideration in books of account. As a practising company secretary advise the company with reference to the provisions of the Companies Act, 2013.
(3 marks)
- (d) What types of companies can be formed in Singapore as per the Singapore Companies Act ?
(3 marks)
- (e) What are disqualifications for debenture trustees ?
(3 marks)

OR (Alternate question to Q. No. 2)

- 2A.** (i) Who is a 'Significant Beneficial Owner' under the Companies Act, 2013 ? Is Significant Beneficial Owner required to file BEN-1 to the reporting company ?
- (ii) Can a contributory file a petition for winding up of the company ? Discuss.
- (iii) IOL, a manufacturing company, issued partly convertible debentures with ₹ 6 crore few years back. The convertible option is only for 50% of the issue and debentures are redeemable in the current financial year. What is the quantum of Debenture Redemption Reserve (DDR) required to be created by the company now and how much should be deposited or invested by the company ?
- (iv) "The Companies Act, 2013 attempts to maintain a balance between the rights of majority and minority shareholders." Discuss.
- (v) Reels India Ltd. is a wholly owned subsidiary of Wheels India Ltd. The auditor of Wheels India Ltd. has intimated the Board of directors that the company will not be required to prepare consolidated financial statements if provisions of section 129, Companies Act, 2013 are complied with. As a company secretary give your comments in this regard.

(3 marks each)

: 3 :

3. (a) The share capital of Raney Ltd. is ₹ 30 crore. 'Russel' is appointed as the managing director of the company, the company wants to compensate him by issue of shares for supplying technical know-how without any cost. In this context, answer the following :
- (i) Whether the company is allowed to allot such shares ?
 - (ii) Is approval of shareholders required for issuing such shares ?
 - (iii) If found eligible to allot such shares, what will be the quantum (value) of shares that can be allotted ?
 - (iv) Can Russel sell such allotted shares in the market ?
 - (v) Will the amount that he receives on sale of his shares be considered a part of his remuneration ?

(1×5=5 marks each)

- (b) Amitabh is a director in PQR Overseas Trading Ltd. The company's name has recently been struck off from the register of companies by the Registrar. He does not hold directorship in any other company. Therefore, Amitabh applied to the Registrar for cancellation of his DIN. However, the application was rejected by the Registrar. Is the rejection of application correct in your opinion ?

(5 marks)

- (c) Ram Singh is a shareholder of Alexandra India Ltd. The Board of directors of the company are of the view that the conduct of Ram Singh has been detrimental to the interest of the company. Further, the Board also noted that Ram Singh is director in a company which is a competitor company of Alexandra India Ltd. The Articles of Association of Alexandra India Ltd. permit expulsion of members. The Board unanimously decided to expel Ram Singh from the company. Discuss the relevant provisions of Companies Act, 2013 in this regard. If Ram Singh files a case against the Board whether he will win the case ?

(5 marks)

PART-II

4. (a) Rajesh Gawda is a director of XYZ Pvt. Ltd. having a paid up share capital of ₹ 11 crore. The company has granted a loan of ₹ 2 crore to Rajesh Gawda. The company has a borrowing of ₹ 15 crore from HDFC Bank. The company secretary informs the company that the loan to the director is in violation of the provisions of the Companies Act, 2013. Justify the claim of the company secretary.

(5 marks)

- (b) Last Annual General Meeting (AGM) of one of the top 100 listed companies was held on 25th May, 2018 pertaining to the FY 2017-18. The Board of directors of the company is planning to hold this year's AGM at a possible later date due to technical issues in finalisation of accounts. Give your suggestions about the date before which the AGM should be held in reference to relevant provisions of the Companies Act, 2013.

(5 marks)

- (c) Moon Oil Exploration Ltd. (MOEL) was incorporated on 1st June 2007 and the company made a considerable amount of profit in the past years :

Financial Year	Net Profit ₹
2016—17	25 Crore
2017—18	10 Crore
2018—19	12 Crore

- (i) In the current financial year 2019-20, the company wants to contribute to a political party. How much can it contribute ?
- (ii) If MOEL had contributed to political parties earlier to the year 2017, how much could it have contributed at the maximum during those years ?
- (iii) The Chairman of MOEL directed its account manager to pay a political party's office an amount of ₹ 50 Lakh by cheque as part payment to the party, can he do so ?

: 5 :

- (iv) The Board of directors authorised a payment to the National Defence Fund too but wanted to not show it in profit and loss account. Is it possible to do so ?
- (v) A sum of ₹ 2 lakh was spent by MOEL on an advertisement in a tract published by a political party ? How it is to be treated in the accounts of the company ?

(1×5=5 marks)

- (d) JKJ Ltd. has 10 directors on its Board. A Board meeting was convened on 19-10-2019 in which two of the directors participated in-person and one director through video conferencing. Two directors were interested in the agenda and hence, did not participate in the meeting. The auditor claimed that the quorum was not present for the meeting to be valid. Do you agree with the auditor ? Justify your answer in reference to provisions of the Companies Act, 2013.

(5 marks)

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

5. (a) Jackson is a prospective candidate for the post of Managing Director of Tirubuvani Sugars Ltd. Unfortunately, his proposed appointment could not satisfy the conditions of Schedule V of the Companies Act, 2013. Discuss if any other option is available with the company to appoint him as the Managing Director of the company.

(4 marks)

- (b) A newly joined trainee of the secretarial department would like to know details of information to be entered in respect of resolution passed through postal ballot by the company. Advise him.

(4 marks)

- (c) 'A', a shareholder, appointed 'X' as his proxy for the general meeting of a company. The proxy forms were lodged 50 hours before the meeting. The Chairman of the meeting refused to accept the proxy stating that the proxies should be lodged at least 70 hours before the beginning of the meeting as per articles of the company. However, despite Chairman's refusal proxy participated in the meeting. Meanwhile 'A' also rushed to attend the meeting and both 'A' and 'X' voted on a particular resolution of the meeting. On the basis of above facts, answer the following :
- (i) Can 'X' compel the Chairman to admit the proxy ?
- (ii) Since both 'A' and 'X' voted, the Chairman invalidated both the votes. Discuss whether the Chairman acted as per the provisions of the Companies Act, 2013.

(2×2=4 marks)

- (d) ABC & Associates is an audit firm with partners A, B and C. The firm's tenure as statutory auditor in M Ltd. has expired under Companies Act, 2013. M Ltd. is a listed company. XY & Co. another audit firm is appointed as auditor of M Ltd. for the subsequent year. B joins XY & Co. as partner, 4 months after it was appointed as statutory auditor of M Ltd. Comment with reference to the provisions of the Companies Act, 2013.

(4 marks)

- (e) A company passed a special resolution in its general meeting for grant of loan to another body corporate in excess of limits specified in section 186(2). However, one of the directors contended that prior approval of their financial institution is also required for such lending. Explain whether the contention of the director is acceptable.

(4 marks)

: 7 :

OR (Alternate question to Q. No. 5)

- 5A.** (i) Destinations Ltd. is a listed company with paid-up share capital of ₹ 40 crore, turnover ₹ 200 crore but having a loss of ₹ 10 crore for the year ended 31 March, 2018. The woman director in the Board of the company resigned on 1 October, 2018. The last Board meeting was held on 25th September, 2018. The Board is likely to meet next on 15th January, 2019. Lalita, aged 30 years, has conveyed her interest to be associated with the company as a woman director. Discuss if any woman director is required to fill the vacancy and if so, when the appointed should be made as per the provisions of the Companies Act, 2013 ?
- (4 marks)
- (ii) Warner Ltd. is an Indian company with a net profit of ₹ 4, 7, 6 and 7 crores respectively in the last four years. Net profit for each of last four years included a dividend of ₹ 1 crore received from WB Ltd. which is an Indian company. Discuss whether Warner Ltd. is required to spend on CSR activities ? If yes, how much it should spend ? If no, state the reasons for it.
- (4 marks)
- (iii) A group of shareholders holding 13% of the total paid-up share capital of Lala Investments Ltd. requested the Board of directors of the company to convene the Extraordinary General Meeting (EGM) by their letter dated 5th October, 2019, to discuss the matters set out in their requisition to the company. The Board of directors did not act on their request until end of October 2019. As a practicing Company Secretary what would you suggest as to the further course of action and the procedure to be followed in this regard ?
- (4 marks)
- (iv) You are a company secretary in a company. The Board of Directors want to know the details that should be entered in the Register of Renewed and Duplicate share certificates and the period for which such register should be maintained. Clarify the Board in this regard.

(4 marks)

- (v) RPK Ltd. is an unlisted company having ₹ 9 crore as paid up capital and ₹ 52 crore as long term loan. The directors of the company would like to know from you the answers for the following questions :
- (1) Would the company be liable to constitute an audit committee ?
 - (2) If the company is listed after a fresh issue of shares to the tune of ₹ 50 crore, in such a situation, would the company be liable to constitute Audit Committee ?
 - (3) What is the quorum for meetings and number of meetings to be held in a year by the audit committee ?

(1+1+2=4 marks)

PART-III

6. (a) CS Rohan, a company secretary in practice availed loan against his personal investments from a bank. He issued two cheques towards repayment of the said loan as per terms of sanction of loan. Both the cheques were returned by the bank with remarks 'returned due to insufficient funds'. Comment on the facts given with reference to provisions of the Company Secretaries Act, 1980.
- (b) A middle aged practicing company secretary (PCS) is considering to start a mega professional firm. Name the professional bodies with which the PCS can have partnership as per the Company Secretaries Regulations, 1982.

(5 marks each)

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