

*Roll No. ....*

*Time allowed : 3 hours*

*Maximum marks : 100*

*Total number of questions : 6*

*Total number of printed pages : 11*

*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) A private limited company incorporated under the Companies Act, 2013 may issue debentures to any number of persons and can accept deposits from the public.
- (b) The privilege of Limited Liability for Business Debts is one of the principal advantage of doing business under the corporate form of organization with some exceptions.
- (c) National Financial Reporting Authority (NFRA) has wide powers to recommend, enforce and monitor the compliance of accounting and auditing standards.
- (d) Signing of the Board's Report can be done by any one of the directors and be filed within 60 days of AGM.

*(5 marks each)*

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

2. (a) The Board of Directors of Aakash Ltd., a listed company, in its meeting held on 1st April, 2021 announced a proposal for issue of bonus shares to all equity shareholders of the company in the ratio of 1 : 1. On 1st May, 2021, the directors at another meeting passed a resolution to reverse the proposal of bonus issue announced on 1st April, 2021. Discuss the validity of the resolutions.

(3 marks)

- (b) XYZ Limited has an office building in London. The Company has been granted a term loan of ₹ 15 crore from a Bank. The Company wants to mortgage office building of London. Examining the provisions of the Companies Act, 2013, answer the following :

- (i) Whether the company can mortgage the above office building ?  
(ii) Whether a charge can be created for property situated outside India ?

(3 marks)

- (c) X applied for 400 shares in XYZ Ltd and paid ₹ 2.50 on the face value of ₹ 10 but no allotment was made to him. Subsequently 400 shares were allotted and issued to him without his request and his name was entered in the register of members. X knew it but took no steps for rectification of the register of members. The company went into liquidation and X was held liable as a contributory. X claims that he is not liable as contributory. Whether his claim is tenable ?

(3 marks)

: 3 :

- (d) XYZ Ltd is an investment company whose principal business is acquisition of shares and debentures of other companies. The following figures were derived from the books of XYZ Ltd. :

**Assets :**

Investment in shares and debenture	₹ 95 Lakh
Other Assets	₹ 105 Lakh
Total	₹ 200 Lakh

**Income :**

Income from investment business	₹ 12 Lakh
Other Income	₹ 18 Lakh
Total	₹ 30 Lakh

Whether the company is an investment company as per section 186 and eligible to claim exemption given thereunder ?

(3 marks)

- (e) XYZ Ltd. is carrying out a project under its CSR initiatives. Some of its employees are working in this project. The company want to monetize and account it under the head of 'CSR expenditure' ? Advice the company.

(3 marks)

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

- 2A.** (i) Santosh Kumar, an employee of a listed company purchased certain shares of his company through a member of a stock exchange and lodged with the company for transfer of shares in his (employee's) name. The company refused to execute the transfer on the suspicion that the employee, if admitted as a member of the company, will create nuisance in general meetings and seek access to the records of the company. Decide giving reasons :
- (a) Whether the company's contention shall be tenable; and
- (b) What is the remedy available to the employee in the given case ?
- (3 marks)
- (ii) The Board of Directors of XYZ Ltd is considering the proposal for making the investment in ABC Ltd. The company has 5 directors on board and in the board meeting 4 directors were present, three of them given consent to the proposal and one director abstained from voting. Comment on the same.
- (3 marks)
- (iii) Examine the validity of the following :
- (a) XYZ Ltd wants to declare the dividend out of the current year profit without adjusting the previous year's carry forwarded losses and depreciation.
- (b) Board of Directors of XYZ Ltd wants to declare interim dividend after the end of financial year.
- (3 marks)

: 5 :

(iv) ABC Ltd. has not satisfied any conditions specified as per section 137 of the Companies Act for current financial year. The company has filed financial statement as per XBRL Taxonomy for the previous financial year. Is ABC Ltd. still required to file financial statements as per XBRL Taxonomy for the current financial year ?

(3 marks)

(v) Govt. of West Bengal filed an application for winding up of KTC Ltd in the Tribunal citing sec. 271 of the Companies Act, 2013 in the interest of sovereignty and integrity of India which was opposed by the company stating that state government cannot file a petition for winding up. Is the claim of the company sustainable and why ?

(3 marks)

3. (a) Mention the requirements in relation to maintenance of minutes, as prescribed by the Secretarial Standards Board.

(b) Highlight the aspects of corporate governance in USA as per SOX Act.

(c) Answer the following with regard to appointment of auditor :

(i) X, a practising chartered accountant holds shares in ABC Ltd. The nominal value of shares is ₹ 50,000. Whether ABC Ltd can appoint him as auditor ?

(ii) A, a practising chartered accountant has business relationship with XYZ Hotels Ltd. The hotel used to provide services to A frequently on the same price as charged from other customers. Whether XYZ Hotels Ltd appoint A as its auditor ?

(iii) X, a chartered accountant is working as a General Manager Accounts with ABC Ltd. Could X be appointed as auditor in ABC Ltd ?

(5 marks each)

**PART—II**

4. (a) The following figures were extracted from the books of X Ltd (audited).

Paid up share capital	₹ 100 Lakh
Reserve & Surplus	
General Reserve	₹ 50 Lakh
Security Premium Account	₹ 25 Lakh
Re-valuation Reserve	₹ 25 Lakh
Total	<u>₹ 200 Lakh</u>
Long Term Borrowings	₹ 125 Lakh
Short Term Borrowings (Cash Credit Loan)	₹ 50 Lakh
Temporary Loan for construction of Building	₹ 25 Lakh
Total	<u>₹ 200 Lakh</u>

The Board of Directors further want to borrow a sum of ₹ 50 Lakh as Long Term Loan without obtaining the consent of the members in general meeting by special resolution. Advise the Board about the validity of this proposal. What will be your answer if it is a Private Limited company ?

(5 marks)

: 7 :

- (b) X, proposes his candidature as a director of X Ltd. along with the deposit of ₹ 1 Lakh. Later X failed to be appointed as director but received 39% of the total votes. X, claimed X Ltd. to refund the deposit but the company denied to pay as he failed to be elected having obtained only 39% of votes cast. Is the decision of the company valid ? Explain when the requirement of deposit of amount is not applicable ?

(5 marks)

- (c) X has been appointed as the Managing Director of XYZ Limited. The company does not have any other whole time directors. The terms and conditions of his appointment are as under :
- (i) Remuneration amounting to 5% of the net profits of the company.
  - (ii) A fees of ₹ 1,00,000 per annum towards actuarial services, even though X does not hold any professional qualification in actuarial science.
  - (iii) Sitting fees of ₹ 50,000 for every meeting of the Board or the Committee thereof attended by X.

The Company had defaulted in the repayment of interest and principal on term loans borrowed from banks, which default is still subsisting.

Suggest, whether the above remuneration is in line with the provisions of the Companies Act, if not also explain the remedial action required from the Company.

(5 marks)

- (d) R is a newly qualified CS and seeks your advice on passing of Resolution by Circulation. Advise him suitably as to the procedure to be followed in this regard.

(5 marks)

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

5. (a) Indicate steps to file an application for seeking extension for calling Annual General Meeting and mention the form in which such application needs to be filed with the Registrar of Companies.

(4 marks)

- (b) A has been appointed as a Company Secretary in the Company by a circular resolution. In addition, he has also been advised to act as a Group Company Secretary and head of the parent Company and its subsidiary. Examine with reference to the provisions of the Act.

(4 marks)

- (c) XYZ Ltd wants to pay sitting fees to its women directors, less than the sitting fees payable to other directors of the Company. And want to appoint X as its Managing Director of the company for a term exceeding five years at a time. Advise the company on the above proposals.

(4 marks)

: 9 :

(d) X is a company secretary of XYZ Ltd. He is of the opinion that the notice, agenda and notes on agenda of the board meeting should be send only to the alternate director and not to the original director of the company. Advice in this matter.

(4 marks)

(e) X Ltd. is a listed company having 565 shareholders as on 31st December, 2019. The Board of Directors ask you about the formation of Stakeholders Relationship Committee. Is it necessary to constitute Stakeholders Relationship Committee ? Will your answer be same if X Ltd is an unlisted company ? What should be the composition of this committee ?

(4 marks)

**OR (Alternate question to Q. No. 5)**

**5A.** (i) X, a finance expert having experience of 30 years. XYZ Ltd wants to appoint him as a Chief Financial Officer at a salary which is more than that of director of the company. State whether the limits on managerial remuneration under section 197 of the Companies Act, 2013 and Schedule-V apply to X.

(4 marks)

(ii) XYZ Ltd. issued a notice on 1st August, 2019 to hold its Annual General Meeting on 24th August, 2019. The company had given the notice through email to all the members as per the record of the company with read receipt. The same is received by all the members of the company. Check the validity of the notice.

(4 marks)

(iii) The directors of your company is of the opinion that every public company having more than ₹ 100 crore share capital have to provide for remote e-voting. Does the Companies Act 2013, make it compulsory or optional for such situations ? Offer your comments.

(4 marks)

(iv) X is being appointed as a proxy for an annual general meeting of XYZ Ltd. The said meeting is being adjourned due to some reason. Now, Y is being appointed as a proxy to attend the adjourned meeting. Who will be a valid proxy for adjourned meeting ? And in case the general meeting of XYZ Ltd is scheduled on 22nd September, 2019 and the company has received 4 proxies for the same holdings of a member dated with 5th, 10th, 12th, and 19th September, 2019. Which proxy is valid ?

(4 marks)

(v) X has applied to the Indian Institute of Corporate Affairs (IICA) for inclusion of his name in the data bank of independent directors. He is working as a director of X Ltd and Y Ltd, both are unlisted public companies having the paid-up share capital of ₹ 10 crores since last 7 years. X says that he is not required to pass the online proficiency self-assessment test as he is director of two unlisted companies with paid-up share capital of ₹ 10 crores since last 7 years. Explain whether the contention of X is correct.

(4 marks)

**PART—III**

6. (a) Can a company secretary advertise himself as per the guidelines of the ICSI 2020 ? Mention few of the restrictions in this regard.

*(5 marks)*

- (b) It is essential to device “performance, contribution and efficiency based” revenue sharing model in MDFs. Explain.

*(5 marks)*

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