

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 7

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

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

1. (a) Tempest Ltd., an unlisted company, has 500 shareholders, 400 debenture holders and 200 deposit holders. As a Company Secretary of the Company Advise the Board, if the Company is required to form a Stakeholders' Relationship Committee ? Discuss the provisions relating to the functioning of such a committee.

(5 marks)

- (b) PGA Limited receive a deed of transfer of equity shares complete in all respect, before registering the transfer, it was noticed by the Company that the proposed transferee of the equity shares has deceased, please explain the course of action of PGA Limited in the aforesaid case. What if the PGA Limited is unaware about the such status of transferee ? Also explain whether the company is bound to enquire into the capability of the transferee to enter into a contract.

(5 marks)

- (c) Fortune Ltd. had below financial details during the last three financial years :

(₹ In Crores)

Year	Net Worth	Turnover	Net Profit
2016-17	100.00	490.00	5.50
2015-16	95.00	500.00	4.50
2014-15	80.00	380.00	2.00

Discuss the compliance requirements for the Company on Corporate Social Responsibility. Whether Company requires to spend amount on CSR Activities, and what are the consequences if the Company fails to spend any amount ?

(5 marks)

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- (d) Prudent Ltd. an unlisted Company having 4,00,000 equity shares of ₹ 10 each, conducting its general meeting. Ramesh a Proxy of Suresh (Ramesh holds 42,000 equity shares in that Company), demands a Poll to pass a Resolution. Explain the Rights of Ramesh in the capacity of Proxy, whether he will be allowed to demand a Poll ? Also explain the role of the Chairman of the meeting in the case.

(5 marks)

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

2. (a) Priya is a Whole-Time Director in Surya Limited and Sun Limited, wishing to draw Remuneration from both the Companies. As per the limits prescribed under the Companies Act, 2013, she is entitled to draw a remuneration of ₹ 10,00,000 from Surya Ltd. and ₹ 15,00,000 from Sun Limited, you being a Company Secretary advise Ms. Priya about her entitlement for the Remuneration in the aforesaid situation.

(4 marks)

- (b) Prism Ltd. appointed Mr. Sameer Rajpal as an Independent Director for a term of Three years, upon completion of his first term, he was re-appointed for another term for the same period, now upon completion of the second term, Company again wants to re-appoint him as the Independent Director of the Company, considering the fact that he has not completed the consecutive term of Ten years. Advise the Company on the feasibility of his re-appointment.

(4 marks)

- (c) Decide if the office of Mr. Satish Nirankar, Director of Royal Ltd. shall be vacated in the following circumstances :

- (i) he did not attend any board meeting of the Company during the financial year 2016-17, but had promptly sent his leave of absence to Company by e-mail on 31st March, 2017, the last Board Meeting of Financial Year, which was acknowledged by the Company.

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(ii) he is convicted by a court of an offence, not involving any moral turpitude and is sentenced for imprisonment for one year but immediately files an appeal in higher Court against the order of the lower Court.

(4 marks)

(d) List the matters that cannot be dealt with in a meeting through video conferencing or other Audio Visual means.

(4 marks)

OR (Alternate question to Q. No. 2)

2A. (i) A Ltd. has entered into a contract with B Ltd. by which the former will reserve 25% of their output to be sold to B. Ltd. or to a buyer at the direction of B Ltd. Can B Ltd. be called an associate company of A Ltd. ?

Also determine, if S Private Ltd. with a paid-up share capital of ₹ 45 lakh and annual turnover of ₹ 175 lakh, is a wholly owned subsidiary of H Ltd., a listed company. Can S Ltd. be called a small company ?

(4 marks)

(ii) Decide whether the following transactions will fall within the ambit of “deposits” as defined under the Companies Act, 2013, quoting relevant provisions of the Act :

(a) Great Ltd. received an application money of ₹ 5 lakh on 1st January, 2017 towards allotment of equity shares, pursuant to an offer made earlier. The Company has neither made the allotment of shares nor refunded the application money so far.

(b) Great Ltd. collected a security deposit of ₹ 5 lakh from Mr. Parteek, an employee whose monthly salary was ₹ 25,000 per month.

(c) Will your answer be different, if the security deposit earned an interest at the rate of 6% per annum ?

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(d) Great Ltd. collected a security deposit of ₹ 25 lakhs from Mr. Sorabh towards performance of the contract for supply and erection of a machinery.

(4 marks)

(iii) Favourite Ltd., an unlisted Company, has the following figures at the end of the last financial year :

Paid-up share capital : ₹ 110.00 Crore

Turnover : ₹ 600.00 Crore

Borrowings by way of

loans, debentures and deposits : ₹ 60.00 Crore

Being a Company Secretary, advise the Company on the composition of its Board of Directors as required under the Companies Act, 2013.

(4 marks)

(iv) List the conditions to be satisfied for declaration of dividend out of reserves.

(4 marks)

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

3. (a) Advise whether the auditor appointment by a private limited company with paid-up share capital of ₹ 30.00 Crore in the following cases are valid for the financial year 2017-18 :

(i) Amarjeet, (an Individual Auditor) who has been the auditor since financial year 2011-12.

(ii) Firm VAP & Co., who completes 10 years continuously, at the end of financial year 2016-17. Vijay is a partner in VAP & Co.

(iii) Firm Ajay & Co., in which Vijay is also a partner in addition to being a partner of VAP & Co.

(4 marks)

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(b) Excel Ltd., an unlisted company, has a paid-up share capital of ₹ 30 Crore, turnover of ₹ 190 Crore and borrowings of ₹ 25 Crore and outstanding deposits of ₹ 30 Crore. Decide if the Company needs to comply with internal audit requirements under the Act. If so, can they appoint Siddh, who is the Practising Company Secretary, as their internal auditor ?

(4 marks)

(c) Crown Ltd. has proposed to come out with a public issue of equity shares and in order to enable their employees to subscribe to the Company's shares, wants to extend loans to the employees including directors and key management personnel. Advise.

(4 marks)

(d) "A Company being an artificial person having status in the eyes of the law," in light to this statement, please comment whether a Company Incorporated in India is having the status of a Citizen of this Country ?

(4 marks)

OR (Alternate question to Q. No. 3)

3A. Write notes on the following :

- (i) CARO 2015
- (ii) Pre-certification of e-forms
- (iii) Consequence of non-registration of Charge
- (iv) 'SPICE'.

(4 marks each)

4. (a) Encode Pvt. Ltd. is having two shareholders namely Mr. Vishal and Mr. Joytan holding 9,00,000 and 5,50,000 equity shares, of ₹ 10 each, respectively. The Company's Paid-up share Capital as on the date is ₹ 1,45,00,000 and Authorised Share Capital is

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₹ 2,00,00,000. Company wishes to issue further equity shares for ₹ 7,50,000, i.e., 75,000 equity shares of ₹ 10 each at par, by way of Rights issue, to meet the working capital requirements and expansion plan of the Company, you being a Company Secretary of the Company is required to draft the Board Resolutions inter-alia approving the letter of offer towards aforesaid offer of the Rights Issue, assuming that the shareholders may renounce their rights of subscription and the proposed shares shall rank pari-passu with the existing Equity shares of the Company.

(8 marks)

(b) CIN, issued by MCA, the unique identifier, provides the key profile of companies – Explain.

(4 marks)

(c) Write note on Statutory duties of a Company Secretary.

(4 marks)

5. (a) Forecore Ltd. is a closely held company with 25 shareholders and proposes to make a public offer of convertible securities. The existing shareholders (Promoter) have their holdings in physical form. The company is wishing to issue, aforesaid convertible securities to the public, in physical form. Advise the feasibility.

(4 marks)

(b) Explain the provisions to determine in what circumstances an Individual will be considered as a promoter of the Company, if Kundan has been identified as a promoter in the recent annual return of the Company, please comment whether Kundan will be considered as a promoter of that Company ? In the event of a mis-statement in the prospectus of the company, what will be the civil liability of Kundan ?

(4 marks)

(c) Lal holds 1,00,000 preference shares in Luxury Ltd. (an unlisted company), wants to understand his voting rights in the Company. Advise.

(4 marks)

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(d) Dynamic Ltd. (paid-up share capital ₹ 25 Crore) proposes to enter into a contract with Sunil for the procurement of raw materials for an amount of ₹ 5 Crore during the financial year. Sunil is the step brother (father's second wife's son) of Anil, who is a director of Dynamic Ltd. Discuss the compliance requirements in respect of the above procurement contract.

(4 marks)

6. (a) SRM Limited (a listed company), a wholly owned subsidiary of Spice Limited (an another listed company) proposes to acquire 10,000 equity shares of Spice Limited from the secondary market (in demat form). Advise SRM Limited on the feasibility of the proposal.
- (b) Weak Ltd. is interested in obtaining the status of a dormant company, as they have not been carrying on operation for the past two years. Explain the enabling conditions to be fulfilled for applying to be a Dormant Company.
- (c) State the procedure for voluntary revision of financial statements or the board's report by a Company.
- (d) Star Ltd. was incorporated on 1st January, 2016. Further, Star Ltd. has floated its subsidiary company incorporated in Germany for which the financial year ends with June every year. In light to the above, please determine :
- (i) The first financial year of Star Ltd. for which financial statement will be reported.
- (ii) Does Star Ltd. have an option to align its financial year with that of its German subsidiary in respect to the consolidation of its accounts outside India ?

(4 marks each)

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