

321

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

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

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

1. Comment on the following :

- (a) In no circumstances a company can issue redeemable preference shares with a redemption period beyond 20 years.
- (b) Powers of the directors of a company are co-extensive with those of the company.
- (c) One person company shall be formed only as a company limited by shares.
- (d) The gap between two annual general meetings can never exceed 15 months.

(5 marks each)

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

2. Distinguish between the following :

- (a) 'Independent director' and 'non-executive director'.
- (b) 'Inspection' and 'investigation'.
- (c) 'Limited liability partnership' and 'body corporate'.
- (d) 'ESOP' and 'sweat equity shares'.

(4 marks each)

OR (Alternate question to Q.No. 2)

- 2A. (i) To consider a body corporate as a foreign company, a place of business in India is to be established. State the activities that do not constitute carrying of business in India.
- (ii) Masons (Pvt.) Ltd. is a private limited company as per the articles of association of the company. However, a public company acquired shares in Masons (Pvt.) Ltd. thereby making the company, Masons (Pvt.) Ltd., a subsidiary of that public company. State the impact of such acquisition of shares by a public company on Masons (Pvt.) Ltd.
- (iii) "Financial statements shall be signed only by the Chairperson of the company." Explain.

- (iv) Alok, the Managing Director of Yellow Ltd., borrowed a large sum of money and misappropriated the same. Later, when the lender demanded his money, the company refused to repay, contending that the money borrowed by Managing Director was misappropriated by him and the company is not liable for repayment. Decide, giving reasons, whether the lender would succeed in recovering the money from the company.

(4 marks each)

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

3. (a) Mahesh is a creditor of an unlimited company. The company was wound-up. Mahesh, therefore, wants to sue the members of the company to recover the dues. Advise Mahesh regarding the remedy available to him.
- (b) An employee of a company purchased certain shares of his company through a member of a stock exchange and lodged with the company an application 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 —
- (i) Whether the company's contention shall be tenable; and
- (ii) What is the remedy available to the employee in the given case ?
- (c) In what way does the Companies Act, 2013 regulate the payment made by companies towards contribution to political parties for political purposes ? Explain.
- (d) Explain the meaning of the term 'key managerial personnel' in relation to a company as introduced by the Companies Act, 2013 and also state the manner in which they are appointed.

(4 marks each)

OR (Alternate question to Q.No. 3)

- 3A. (i) In what way does the Companies Act, 2013 and Rules made thereunder regulate the appointment of woman director in a company ? Explain.
- (ii) Referring to the provisions of the Companies Act, 2013, state the conditions required to be fulfilled before a company can issue bonus shares to shareholders of the company.
- (iii) The Board of directors of Vedic Ltd. desirous of transacting certain matters through video conferencing, seek your advice on the matters which cannot be dealt with through video conferencing. Advise the Board.

- (iv) A petition signed by 100 members of a company has been moved to Company Law Board (CLB) for prevention of mismanagement. Later on, half of the members (signatories) withdrew their consent after filing the petition. Examine whether the remaining applicants (petitioners/signatories) to the petition would be successful in their complaint to CLB.

(4 marks each)

4. (a) Vir is a director in DJA Ltd. (the company). The company holds 75% shares of MRN Ltd. Vir wants to inspect the books of MRN Ltd. Examining the provisions of the Companies Act, 2013 advise whether Vir, the director of DJA Ltd. can be allowed to inspect the books of MRN Ltd.

(4 marks)

- (b) Explain the provisions of the Companies Act, 2013 relating to 'secretarial audit'. State whether 'secretarial audit' is mandatory for all companies.

(4 marks)

- (c) PQR Ltd. is an unlisted company and has 400 shareholders in all. The shareholders of the company propose voting by electronic mode. Chairman of the company rejected the shareholders' proposal. Explaining the provisions of the Companies Act, 2013, examine the validity of rejection of the shareholders' proposal by the Chairman.

(4 marks)

- (d) Board of directors of Joy Ltd., by a resolution passed at its meeting, decide to provide a loan of ₹50 crore to Happy Ltd. The paid-up share capital of Joy Ltd. on the date of resolution was ₹100 crore and the aggregate balance in the free reserves and securities premium account stood at ₹40 crore. Examining the provisions of the Companies Act, 2013, decide whether the Board's resolution to provide a loan of ₹50 crore to Happy Ltd. is valid ?

(4 marks)

5. (a) Explain the provisions of the Companies Act, 2013 relating to the constitution of an audit committee. What role does the audit committee play in the management of a company ?

(4 marks)

- (b) Based on the information given in the memorandum of association, Smart Ltd. was incorporated and the certificate of incorporation was issued by the Registrar of Companies, New Delhi. The memorandum of association was duly signed, except that X, Y and Z signed it on behalf of five minors.

Examine the validity of the certificate of incorporation issued by the Registrar of Companies.

(4 marks)

- (c) DEF Ltd., a company listed at Bombay Stock Exchange, failed to file its report on the annual general meeting for the financial year ended 31st March, 2013 with the Registrar of Companies, Mumbai. The company further abstained from filing the said report for another two years, viz. financial years ended 31st March, 2014 and 2015 respectively. Examining the provisions of the Companies Act, 2013, state whether the default committed by the company amounts to an offence. If so, to what extent it is possible to get the offence(s) compounded.

(4 marks)

- (d) Answer the following by explaining the provisions of the Companies Act, 2013 relating to 'internal audit' :
- (i) Whether a private company is mandatorily required to appoint an internal auditor ?
 - (ii) Who may be appointed as an internal auditor ? Whether a Practising Company Secretary (PCS) can be appointed as an internal auditor ?

(2 marks each)

6. (a) Brave Ltd. is listed at Bombay Stock Exchange and has a net worth of over ₹600 crore. The company has constituted a corporate social responsibility (CSR) committee with Jay and Vijay as its members. Both Jay and Vijay are directors of the company, Jay being an independent director.

Explaining the provisions of the Companies Act, 2013 relating to 'corporate social responsibility', examine whether the company has complied with the provisions of the Act in this regard.

- (b) The Board of directors of Charming Ltd. seek your advice on the matters to be included in the directors' responsibility statement forming part of the company's annual report to shareholders. As the Company Secretary of Charming Ltd., advise the Board.
- (c) What transactions are considered as 'related party transactions' under the provisions of the Companies Act, 2013 ? Explain.
- (d) Due to inadequacy of profits, the Board of directors of Rise Ltd. decided not to recommend any dividend for the financial year ended 31st March, 2015.

Certain shareholders of the company complained to the Company Law Board/Tribunal regarding mismanagement of the affairs of the company, since the Board of the company did not recommend any dividend. Explaining the provisions of the Companies Act, 2013, examine whether the contention of the shareholders is tenable.

(4 marks each)