

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) Your client Vivek wants to form a private company with a share capital of ₹50,000. Examining the relevant provisions of the Companies Act, 2013, advise Vivek on the following issues with proper justification :
- Whether Vivek will be successful in the formation of the proposed company ?
  - Whether public can be invited for subscribing to the share capital of the proposed company ?
  - Whether registration of articles of association of the proposed company is mandatory ?
  - Whether Vivek will be able to convert the proposed private company into 'one person company' at a later date, if need be ?
  - As regards to stamp duty state whether it will make any difference if the proposed company is incorporated in the State of Haryana or in the State of Kerala.
- (5 marks)
- (b) "Chairperson of an annual general meeting must make a speech or give a statement at the meeting." Explain the validity of this statement pursuant to the provisions of the Companies Act, 2013.
- (5 marks)
- (c) William & Company, a company incorporated in U.K., decides to set-up its corporate office in Mumbai. Accordingly, the Board of directors of the company passes a resolution. The Board seeks your advice on the procedure to be adopted to carry out the proposal of the company. Advise the Board about the procedure to be followed and forms and documents the company is required to file with the Registrar of Companies.
- (5 marks)
- (d) The Board of directors of Wise Ltd., a company incorporated under the Companies Act, 2013 and listed at Bombay Stock Exchange, at its meeting resolves to issue certain number

of shares with differential dividend and voting rights. The Board of directors presents the following information :

- (i) The Board has decided to keep the shares with differential dividend and voting rights at 51% of the paid-up share capital.
- (ii) As per the track record, the company has a record of distributable profits for the last two years only; before that the company had suffered heavy losses.

Examining the provisions of the Companies Act, 2013 and the rules framed thereunder, stating the conditions, if any, decide whether the company can proceed with the execution of Board's resolution for issue of shares with differential rights in respect of dividend and voting.

(5 marks)

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

2. (a) Rohan, a person resident in India, has been running a hotel as a sole proprietor. He now wants to convert his business into a 'one person company' (OPC) as permissible under the provisions of the Companies Act, 2013 and seeks your advice in this regard. Advise him on the procedure to be followed for conversion of his business into an OPC. What shall be your advice if Rohan is a non-resident Indian ? Whether a partnership firm can form an OPC ?
- (b) "Debenture trust deed is a written document legally conveying a property to the trustee, often for the purpose of securing a loan or mortgage." Discuss the statement in the context of the Companies Act, 2013 and rules framed thereunder.
- (c) List out the additional items of business which cannot be passed through resolution by circulation and have to be placed before the Board at its meeting in case of a listed company.
- (d) Board of directors of Clever Ltd., listed at Madras Stock Exchange, decides to issue equity shares to persons who are neither the existing shareholders nor the employees of the company. The articles of association of the company are silent on this issue. You being the corporate practitioner are approached by the Board to examine whether the Board's decision is valid. What shall be your advice in respect of pricing of the issue – (i) if the issue is for consideration of cash; and (ii) if the issue is for consideration other than cash ?

(4 marks each)

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

- 2A. (i) Corporate Social Responsibility (CSR) provisions are applicable to Microskill Ltd. The company finalised the project under its CSR initiatives which require funds beyond the mandated 2% of average net profit of the company for last three financial years. Will such excess expense, when incurred, be counted in subsequent financial years as a part of CSR expenditure ? Advise.
- (ii) A real estate company took advance money from its customers in the course of business on which no interest is supposed to be paid to the customers. At the end of financial year, company is in dilemma whether to treat this advance as 'advance' or 'deposit'. Advise the company on how to treat this amount without interest.
- (iii) Mirage Ltd. is an unlisted company having 15 directors on its Board. The company has paid-up share capital of ₹200 crore and has achieved in the previous financial year a turnover of ₹400 crore. The provisions of the Companies Act, 2013 require the companies to have the following categories of directors on their Board :
- (a) Women director  
(b) Resident director  
(c) Independent director
- Examining the provisions of the Companies Act, 2013, decide whether the company must appoint directors under all the above categories.
- (iv) Mention the classes of companies which are mandated by the Ministry of Corporate Affairs to file their financial statements in eXtensible Business Reporting Language (XBRL) mode with its key benefits. State exceptions, if any.

*(4 marks each)*

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

3. (a) Referring to the provisions of the Companies Act, 2013, examine the validity of the following appointments on the Board made by Star Ltd., incorporated on 3<sup>rd</sup> January 2015 :
- (i) Dilip, an Indian national normally stays in U.S. During the calendar year 2014, he stayed in India for 120 days, appointed as a resident director.

- (ii) Star Ltd. being an unlisted company having a turnover of ₹100 crore, appoints Ms. Tanya as the director on 1<sup>st</sup> February, 2015. Ms. Tanya already holds directorship in ten public companies. She is a whole-time Company Secretary in practice.
- (iii) Supatra, a Practicing Company Secretary holds directorship in eight public companies and six private companies. In addition, he also holds alternate directorship in three companies and directorship in three subsidiary companies of Star Ltd.
- (b) Mohan, a director in Agile Ltd. holding director's identification number (DIN) allotted by the Central Government has now accepted directorship in two other public companies and three private companies. Referring to the provisions of the Companies Act, 2013, answer the following :
- (i) Whether he is required to obtain DIN for each of the companies in which he has been appointed as director ?
- (ii) After obtaining DIN, there are some changes in the particulars of Mohan. What procedure would you follow to get the changes incorporated in the DIN already allotted to Mohan ?
- (c) "In case of listed companies, the management discussion and analysis report (MDAR) should either form a part of the Board's Report or be given as an addition thereto in the annual report to the shareholders." Discuss the statement and also state the contents to be included therein.
- (d) Every company is required to follow useful life of assets as mentioned in Schedule II of the Companies Act, 2013. Is it possible to adopt different useful life of assets other than that mentioned in Schedule II of the Companies Act, 2013. Comment.

(4 marks each)

**OR (Alternate question to Q.No. 3)**

**3A.** Write notes on the following :

- (i) Re-opening of books of account
- (ii) Matters requiring special notice
- (iii) Keeping documents, records, registers, minutes, *etc.*, of the company in electronic form
- (iv) Appointment of proxy for a general meeting wherein e-voting facility has been provided to the members.

(4 marks each)

: 5 :

4. (a) The net profits of ABC Ltd. as disclosed in the company's balance sheet for three preceding financial years are as under :

<i>Financial year ended</i>	<i>Net Profit (₹)</i>
31 <sup>st</sup> March, 2013	50 crore
31 <sup>st</sup> March, 2014	70 crore
31 <sup>st</sup> March, 2015	90 crore

Board of directors of the company decides to contribute to a political party fund during the financial year 2015-16. The Board wants to contribute 20% of the average profits of the above three years' profits. Comment, explaining the provisions of the Companies Act, 2013 in this regard.

(4 marks)

- (b) State the conditions to be satisfied by a company before issuing bonus shares. Is it possible for a listed company to withdraw the decision of bonus issue once it is announced under the provisions of the Companies Act, 2013 ?

(4 marks)

- (c) You are the Company Secretary of a public limited company having paid-up capital ₹100 crore. On 25<sup>th</sup> May, 2015, CFO of the company informed the Board of directors that statutory audit for financial year 2014-15 is successfully over and Board may accordingly plan to have its annual general meeting. Board of directors of the company is not very clear on the contents of Board's Report as per the requirements of Companies Act, 2013.

Advise your management on the contents of Board's Report to comply with the requirements of the Companies Act, 2013.

(8 marks)

5. Answer the following with the help of decided case law, if any :

- (a) Does the acceptance of deposits by a public limited company from its director attract compliance of any of the provisions of section 188 ?

(4 marks)

- (b) A director resigns by giving notice in writing to the company. He forwards a copy of resignation in Form DIR-11 to the Registrar of Companies (ROC) within the prescribed time. What would be the status of the director if the company fails to intimate about the resignation of the director to the ROC ?

(4 marks)

- (c) If the majority of shareholders decide to reduce the share capital of the company by special resolution, it has the right to decide how the reduction shall take place. Discuss.  
(4 marks)
- (d) As per the Companies Act, 2013, all types of charges created by a company are to be registered with the Registrar of Companies. Non-filing the particulars of charges would invalidate the charge so created. Discuss.  
(4 marks)
6. (a) Arc Ltd. has two managing directors, three whole-time directors, and two part-time directors. Referring to the provisions of the Companies Act, 2013, state the extent to which the managing directors, whole-time directors and part-time directors can be paid remuneration, when the company has sufficient profits.  
Further, what advice would you render when company's profits are inadequate ? Can the company continue to make payment of remuneration ?  
(4 marks)
- (b) Prince was appointed as additional director by the Board of directors of John Ltd. on 1<sup>st</sup> March, 2015. He was simultaneously appointed as the company's managing director by majority voting at the same Board meeting. Referring to the provisions of the Companies Act, 2013, examine the validity of the appointment of Prince as additional director and as the managing director at the same time. What shall be your answer in case Prince failed to get appointed at the company's annual general meeting ?  
(4 marks)
- (c) Jewel Ltd. called its annual general meeting on 25<sup>th</sup> September, 2015. At the meeting, the required quorum was present. The meeting started transacting the business slated on the agenda. After completion of few agenda items, the Chairman of the company adjourned the meeting on his own without seeking the consensus of the members of the company present at the meeting. The Chairman further stated that the adjourned meeting shall be scheduled at a later date to be decided by the Board of directors.  
You being a corporate professional, examine the validity of the Chairman's decision to adjourn the meeting. Also explain the powers of the Chairman in this regard.  
(4 marks)

- (d) Decent Ltd. was incorporated under the Companies Act, 2013 on 1<sup>st</sup> January, 2014. The first financial year of the company was closed on 31<sup>st</sup> March, 2014. Explaining the provisions of the Companies Act, 2013 —
- (i) State as to when should have the company held its first annual general meeting (AGM) and the subsequent AGM.
  - (ii) The meeting as per schedule was conducted but could not complete the business as slated on the agenda. As a result, the meeting was adjourned to a later date to transact the unfinished business. Certain shareholders give a notice to the company where they wanted certain new business to be transacted at the adjourned AGM. State whether the new business can be transacted at this adjourned meeting.

*(4 marks)*