

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) A group of persons desirous of forming a company wants to know the procedure for getting the name of the company approved by the Registrar of Companies. Advise the group about the e-form to be used and the procedure to be followed by the applicant group in this regard.
- (b) The Board of directors of Growmore Ltd. decides to invite deposits from public. You being the Company Secretary of the company have been asked to prepare and place before the Board, a detailed note on the conditions for inviting public deposits so that the legal requirements are duly complied with. Prepare a note advising the company.
- (c) "Under the Companies Act, 2013, a company shall be eligible to apply for the status of dormant company upon fulfilment of certain conditions." Discuss the conditions so stipulated in the Act.
- (d) Good Homes Ltd. was registered as a public company with 195 members as follows :

| | <i>No. of members</i> |
|---|-----------------------|
| Directors and their relatives | 35 |
| Employees | 12 |
| Ex-employees (shares were allotted when they were employees) | 08 |
| Others | 140 |
| Total number of members | <u>195</u> |

Board of directors of the company takes a decision to convert the company into a private company. Being a Company Secretary in Practice, the Board of directors seeks your advice about the steps to be taken for conversion of the company into a private company including reduction in the number of members, if necessary, as per the Companies Act, 2013. Advise the Board.

(5 marks each)

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

2. (a) A group of persons, called promoters have submitted an application to the Registrar of Companies, New Delhi for getting a company incorporated as a public company. Pending the Registrar's decision of granting certificate of incorporation, the promoters enter into certain contracts for the purchase of some assets for the proposed company. Explain the legal position of promoters' liability and the liability of the proposed company after its incorporation, in this regard.
- (b) Board of directors of Bright Ltd. decides to change the name of the company to Shine Ltd. Certain members of the company object to the Board's decision to change the name of the company on the ground that the change will affect their rights. Examining the provisions of the Companies Act, 2013, state :
- (i) The implications of change in name.
- (ii) Whether the objection of the members be tenable ?
- (c) During the course of audit of Jyoti Ltd., the auditor observes that the company has committed an offence resulting in fraud in which certain officers are involved. Analyse the extent of obligations of the statutory auditor and the manner in which he would comply with his statutory obligations in this regard.
- (d) A company wishes to invest in the shares of other companies in excess of the prescribed limit as per the Companies Act, 2013. Draft required resolution to give authority to the Board of directors, mentioning the type of resolution required.

(4 marks each)

OR (Alternate question to Q.No. 2)

- 2A. (i) The authorised share capital of Amaze Ltd. is ₹10 crore divided into equity shares of ₹100 each. The Board of directors of the company decides to sub-divide these shares into shares of ₹10 each, so that the liquidity in dealing with shares at the stock exchange may become easier. Articles of association of the company are silent on the issue. The company is listed at Bombay Stock Exchange. As the Secretary of the company, what procedure you would follow to give effect to the Board's proposal under the provisions of the Companies Act, 2013 ?

(4 marks)

: 3 :

- (ii) Board of directors of Prince Ltd. decides to go for the issue of secured debentures of ₹100 each, to the extent of ₹10 crore. Further, as the company is going for the issue of secured debentures, it is required to create a debenture redemption reserve. The Board seeks your advice on the conditions to be fulfilled and compliance of the provisions of the Companies Act, 2013. Advise the Board.

(4 marks)

- (iii) Rohit, a member of Happy (Pvt.) Ltd. transfers his shares to Yash. Yash submitted the duly executed instrument of transfer. The Board of directors of the company at its meeting rejected the transfer arbitrarily without assigning any reason. The Articles of the company confer upon the Board to approve or disapprove the transfer.

Examining the provisions of the Companies Act, 2013 :

- (a) Advise Yash, the legal remedy available to him.
(b) What shall be your answer in case a relative of Yash wants to take any action against the company to register the transfer ?

(4 marks)

- (iv) Draft the resolutions required for appointment of Company Secretary for secretarial audit in the annual general meeting of a company.

(4 marks)

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

3. (a) During the financial year 2015-16, Deepak was holding 20% of the paid-up share capital in CML Ltd. He wants to increase his shareholding further by 10%, so that he becomes entitled to exercise more than 25% voting rights. Deepak seeks your advice on the obligations to which he and the company be subject to in this regard. Advise.

(4 marks)

- (b) Paresh, a shareholder of Perfect Ltd. expired on 1st January, 2016. Raman, the legal heir informs the company about the death of Paresh and submits an application to the company along with the succession certificate issued by a Delhi Court having jurisdiction in the case. The Board of directors of the company considers Raman's application and approves the transmission of shares in his name. Draft a resolution to effect the above transmission of shares.

(4 marks)

: 4 :

- (c) Give a specimen of Board resolution appointing John as the Managing Director of a company, who is already the Managing Director of another company. (4 marks)
- (d) Examine the validity of the Board of directors' decision in respect of the following appointments of directors as per the provisions of the Companies Act, 2013 :
- (i) Board of directors of a company which is not listed at any of the stock exchanges, having a turnover of ₹500 crore decides not to appoint women director on the company's Board.
 - (ii) Board of directors of a company, which is not listed at any of the stock exchanges, decides not to appoint a resident director.
 - (iii) Board of directors of a company, having paid-up share capital of ₹50 crore decides not to appoint an independent director. The company is listed at Bombay Stock Exchange. (4 marks)

OR (Alternate question to Q.No. 3)

3A. Write notes on the following :

- (i) Hypothecation of dematerialised shares
- (ii) Procedure for appointment of an additional director in a company
- (iii) Limited liability partnership (LLP)
- (iv) Private placement of shares.

(4 marks each)

- 4.** (a) In relation to filing of financial statements of a company in XBRL mode and by using the XBRL taxonomy, decide whether the following companies are required to file the financial statements in the said mode :
- (i) Grand Ltd., the subsidiary company of Tiny Ltd. which is listed at Kolkata Stock Exchange.
 - (ii) Prime Ltd., a company which has paid-up share capital of ₹100 crore.
 - (iii) Crafty Ltd., a company which has a turnover of ₹400 crore.
 - (iv) Comfort Ltd., a non-banking financial company.

(4 marks)

: 5 :

- (b) How does the Companies Act, 2013 regulate and restrict the following :
- (i) Non-cash transactions involving directors in a company where the company acquires land and building from these directors.
 - (ii) Managing Director of Strong Ltd. enters into forward dealing in securities of the company in which he is the Managing Director.

(4 marks)

- (c) Certain acts of mismanagement on the part of directors led the company to go for winding-up. Though these directors were appointed for a term of three years, they have served the company only for one year. Examining the provisions of the Companies Act, 2013, state :

- (i) Whether these directors can be paid compensation for loss of their office as directors ?
- (ii) What is the quantum of compensation that can be paid to such directors ?
- (iii) Can these directors be paid remuneration for the technical services rendered by them to the company ?

(4 marks)

- (d) Explaining the provisions of the Companies Act, 2013 relating to appointment of a debenture trustee, examine the validity of appointment of the following persons as debenture trustee by a company going for issue of debentures :

- (i) Sachin has pecuniary relationship with the company amounting to 1% of the total income during the two immediately preceding financial years.
- (ii) Akash is indebted to an associate company of the company going to appoint such a trustee.

(4 marks)

5. (a) Referring to the provisions of the Companies Act, 2013, examine the validity of each of the following contributions :

- (i) The Board of directors of Laxmi Ltd. decides to contribute to charitable funds, a sum of 10% of the company's average profits earned for the 5 years immediately preceding the financial year 2015-16.
- (ii) The Board of directors of MNR Ltd. incorporated on 2nd April, 2015 decides to pay 10% of the profit of the company earned during the period of 6 months in the financial year 2015-16, towards political contribution to some political parties.

(4 marks)

- (b) A general meeting of the members of RST Ltd. was called to transact certain special business. Before the scheduled day and time of the meeting, the Chairman of the meeting *suo motu* due to certain personal reasons adjourned the meeting. Certain members of the company challenge the decision of the Chairman on the ground that the Chairman's action to adjourn the meeting is violative of the provisions of the Companies Act, 2013.

Decide with reasons in brief :

- (i) Whether the contention of the members be tenable ?
- (ii) Whether the company is required to send a fresh notice for the adjourned meeting as the articles of association are silent on the issue ?
- (iii) In case the meeting is a requisitioned meeting and on the scheduled day and time, the required quorum is not present, state whether the members on their own can hold the meeting and pass necessary resolutions.

(4 marks)

- (c) Every listed company and certain class or classes of public companies as prescribed under Rules are required to have independent directors on its Board. Sahyajog Ltd., a listed company, has appointed Raghu as one of the independent directors on its Board. Being the Company Secretary of the company, you have been asked by the management to suggest a format of the declaration to be given by the independent director under section 149(6). Advise the company.

(4 marks)

- (d) The Board of directors of PQR Ltd. wishes to accept deposits. As a Company Secretary of PQR Ltd., prepare the check list for secretarial compliance for acceptance of deposits as per the Companies Act, 2013.

(4 marks)

6. (a) You being the Secretary of Aryan Ltd., have been asked by the Board of directors to make a report on Corporate Governance as required under clause 49 of the listing agreement. State the procedure you would follow and the information you would include in the report relating to :

- (i) General meeting of the company; and
- (ii) Nomination and Remuneration Committee.

(4 marks)

: 7 :

(b) Board of directors of Princeton Ltd. in the absence of adequate profits in the financial year 2014-15, wants to recommend dividend out of company's reserves. Advise the Board about the conditions to be complied with and the procedure to be followed in accordance with the provisions of the Companies Act, 2013.

(4 marks)

(c) ABC Ltd. declared dividend, but failed to make the payments to shareholders. Advise the company about the consequence for such default and also list out the circumstances under which no prosecution lies in spite of the fact that the company fails to pay dividend even after declaration.

(4 marks)

(d) As a Company Secretary in Practice, state the role played by you in relation to 'certification' under clause 47(c) of the listing agreement of your client company.

(4 marks)

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