

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 6

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) Every Company is required to issue securities in dematerialized form only.
- (b) No Debenture Redemption Reserve is required to be created for privately placed debentures and for debentures issued by a housing finance company.
- (c) Share certificate of a company is an official publication.
- (d) The statutory auditor of a public company may render actuarial services to its holding company.

(5 marks each)

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

2. Distinguish between the following :

- (a) 'Reduction of Share Capital' and 'Diminution of Share Capital'
- (b) 'Quorum of Board Meeting' and 'Quorum of General Meeting'
- (c) 'Constitution of Audit Committee' and 'Constitution of Corporate Social Responsibility Committee'.
- (d) 'Inspection' and 'Investigation'

(4 marks each)

OR (Alternate question to Q. No. 2)

- 2A.** (i) Skill Properties Private Ltd. is in the business of real estate. It has received an amount of ₹ 95000/- as an advance from its customers during the course of business on which no interest is payable to its customers. Referring to the provisions of the Companies Act, 2013, decide whether this receipt should be treated as an 'advance' by the company in its books of accounts.
- (ii) Members of Star Ltd. proposes to appoint Ram and Shyam as directors of the company by passing a single resolution in the general meeting. Can members of Star Ltd. do so ? What will be your answer if it is a private company?
- (iii) Harsh Private Ltd. holds 50% of total shares of Spandan Ltd. A, B, and C holds 10%, 20% and 30% shares of Harsh Private Ltd. Discuss the procedural formalities required to be complied with by A, B and C with respect to their beneficial ownership.
- (iv) Lily Ltd. was merged with Rose Ltd. under a scheme of arrangement. The minutes of the Board meetings and general meetings were handed over to Rose Ltd. Advise the Rose Ltd. on the following proposals :
- (a) Rose Ltd. proposes to preserve all minutes of Lily Ltd. for next eight years.
- (b) Rose Ltd. proposes to keep minutes of its general meetings and board meetings at its factory premises.

(4 marks each)

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

- 3.** (a) Karan holds 2500 equity shares of a listed company. The nominal value of these shares is ₹ 10 each having ₹ 5 paid-up on each share. As per the latest quote on the National Stock Exchange, market value of these shares is ₹ 4 each. Will Karan qualify as a small shareholder of the company ? *(4 marks)*

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- (b) In October 2020, Tarun deposited ₹ 100000 for a term of three years with Fun Ltd., an unlisted company. Tarun seeks your advice on the following :
- (i) He has an emergency in August 2021, for which he needs to withdraw the above funds immediately. Will he get the amount along with accrued interest without any deduction ?
- (ii) Suppose, if during February 2021, the Reserve Bank of India (RBI) declared the deposit scheme of Fun Ltd. as invalid as the company had paid brokerage in excess of the limits prescribed by the RBI. Will he get the amount along with accrued interest without any deduction ? (4 marks)
- (c) Subhash is a debtor as well as a member of JUMBO Ltd., a listed company. The company declares a dividend of ₹ 2500 on the shares owned by Subhash and proposes to adjust the said amount against the debt of ₹ 5000 due from him. Is this adjustment valid ? Would your answer differ if JUMBO is a Private limited company ? (4 marks)
- (d) Vijay Ltd. is having a paid-up capital of ₹ 250 crore. The company seeks your advice as to whether any of the following persons can be appointed as a managing director of the company :
- (a) Prakash, who in the ensuing Annual General Meeting (AGM) will complete his first tenure of five years as Independent director of the company.
- (b) Ramesh, who is chairman of the company.
- (4 marks)

OR (Alternate question to Q. No. 3)

- 3A.** (i) A Ltd. made a public offer of its securities by issuing a prospectus, in which it was stated that the company has a track record of dividend payment without any interruption for the previous ten years. When the facts were verified, it was found that the company had in fact incurred significant losses for a period of two years immediately preceding

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the previous five years and this fact has not explicitly stated in the prospectus. The dividend was actually paid out of windfall capital profits for those two years. Whether the Managing director who issued the prospectus will incur any liability. (4 marks)

(ii) Decide whether the following persons are qualified to be appointed as statutory auditor of the Girija Ltd :

(a) Bharat, a qualified chartered accountant, holding position as internal auditor of Girija Ltd.

(b) Mohan, a qualified chartered accountant, holds equity shares of nominal value of ₹ 200000 of Nirja Ltd, which is an associate company of Girija Ltd.

(c) Dinesh, a qualified chartered accountant, whose son owes Girija Ltd a sum of ₹ 80000

(d) Mukesh, a qualified chartered accountant, who has been convicted in the year 2005 by a Court for an offence involving fraud. (4 marks)

(iii) Suraj Ltd. has a subscribed capital of ₹ 200 crore out of which ₹ 100 crore has been paid-up. The Articles of Association of the company has a provision that the company shall have a Reserve Capital of ₹ 50 crore which shall be called up only at the time of winding up of the company. Suraj Ltd. desires to borrow from its bankers by creating a charge on the uncalled capital and Reserve Capital. Advise the company. (4 marks)

(iv) Red Entertainment Ltd. received a transfer deed for registration of transfer of shares to Sakshi, daughter of Arun. After registering the transfer, the company sent the certificate to another Sakshi, daughter of Barun. The Sakshi, daughter of Barun, refused to part with share certificate and pledged the certificate to Pyramid Bank. Discuss the remedy, if any, available to Sakshi, daughter of Arun, in this case.

(4 marks)

4. (a) Pratap is the director of QAP Overseas Trading Ltd. The name of the company was recently struck off from the register of companies by the Registrar. He does not hold

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directorship in any other company. Therefore, Pratap applied to the Registrar for cancellation of his Directors Identification Number. His application was rejected by the Registrar. Is the action of the Registrar justified under the relevant provisions of the Companies Act, 2013 ? (4 marks)

(b) Tanila India Producer Company Ltd. was incorporated on 31st October, 2020. State the powers to be exercised by the Board of directors, on behalf of the Producer company only by means of passing of resolutions at the annual general meeting. Is there any need to appoint a company secretary in this company ? (4 marks)

(c) Chatterjee, Bose & Dixit Co. LLP was incorporated on 1st October, 2020. It has become very renowned in the field of insurance survey and has already achieved a turnover of ₹ 5 crore by 31st March, 2021. Advise the LLP on the following issues :

(i) Can it prepare its financial statements by ending financial year on 31st December 2021 ?

(ii) Can it admit a HUF and a Trust as its partners ? (4 marks)

(d) ABC Private Ltd, a company engaged in manufacturing of electrical equipment, desirous to grant a loan to Aman Udyog (a partnership firm) as the firm is in need of business funds for expansion. Rahul, director in ABC Private Ltd is a partner in Aman Udyog. Decide whether the company can grant loan to Aman Udyog.

(4 marks)

5. (a) Certain depositors of Lifetime Resources Ltd. were of the opinion that affairs of the company are being conducted in a manner prejudicial to their interests. Assuming yourself as a company secretary-in-practice, advise them on the various remedies that can be sought from the Tribunal in this regard.

(b) One of the agenda items for the next extra ordinary general meeting (EGM) of Richa Ltd is consideration of sub-division of equity shares. Assuming facts and figures, draft a specimen resolution of this item to be included in the notice of the EGM and an explanatory statement thereof.

(8 marks each)

6. (a) The name of Orient Builders Private Ltd. was struck off by the Registrar of Companies on the application of the company due to recession. After three years, owing to favourable market conditions the management became interested to start a new project for housing development. The directors and shareholders have come together and decided to carry on business mentioned in the objects of the company. An application for restoration of the name of the company was filed but the Registrar rejected the same. Is the action of the Registrar valid ? Decide referring to the provisions of the Companies Act, 2013.
- (b) A compromise is proposed between Jay Chemicals Ltd. and its creditors. The Tribunal on an application from the creditors has ordered a meeting of the creditors. Notice of such meeting to be called pursuant to an order of the Tribunal shall be accompanied by some documents/information. List out the same as per the provisions of the Companies Act, 2013.
- (c) Examine the validity of Tribunal's order to wind up the company in the following circumstances :
- (i) The registrar has presented a petition as the company has defaulted in filing financial statements for immediately preceding three consecutive financial years;
- (ii) Petition is presented by a contributory on failure to repay matured deposits on time. Can the Tribunal pass any interim order or an order for winding up the company without costs after sixty days from the date of presentation of the petition ?
- (d) Suresh, the statutory auditor of A Ltd., during the course of the audit detected a fraud against the company by an employee involving an amount of ₹ 5 crore but failed to report the matter to the Central Government as required under Section 143(12) of the Companies Act, 2013. Advise Suresh if he can opt for compounding of offence ?

(4 marks each)