

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 15

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

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

PART—I

1. (a) Comment on the following with reference to the provisions of the Companies Act, 2013 :

- (i) Any listed company can accept deposits from the public up to its net worth.
- (ii) An eligible company can accept only secured deposits from the public.
- (iii) A private company which is a start-up can accept deposits from its members without any limit on the quantum of the deposits.

(2+2+1=5 marks)

(b) XYZ Ltd is a listed company with issued 10,000 equity shares of ₹ 100 each at a premium of ₹ 20 per share. The company has accumulated ₹ 2,00,000 in its Securities Premium Account. One of the directors suggested in the board meeting that the amount under the securities premium account may be utilized to write off the preliminary expenses of ₹ 50,000 and the balance amount for distribution of dividend to the shareholders. Assess the validity of the suggestion with reference to the provisions of the Companies Act, 2013

(5 marks)

: 2 :

- (c) Speciality Nuts and Bolts Limited, a profit-making listed company has given the following information for the FY ending 31st March, 2024 :

Item	Amount (₹ in crores)
Paid-up Equity share capital	24
Preference share capital	8
General Reserve	80
Security Premium A/c	48
Long term loans from Financial Institutions	130
Short term credit from banks	20

A meeting of the Board of Directors of the company was convened on 31st May, 2024 to consider and approve giving a loan of ₹ 50 crore to Lamps and Shades Limited, a loss-making listed company for its operational needs.

Of the seven directors present at the meeting, all the directors, except one independent director, approved the proposal of granting of loan to Lamps and Shades Limited and the chairman declared the resolution as passed with the requisite majority and the company proceeded to disburse the loan. Referring to the provisions of the Companies Act, 2013 decide, whether the making of proposed amount of loan falls within the powers of the Board. Additionally, assess, the validity of granting such a loan with the approval of the members in the general meeting.

(5 marks)

: 3 :

- (d) Board of Directors of XYZ Limited proposed the dividend at 12% on equity shares for the financial year 2023-24. The same was approved in the annual general meeting of the company held on 10th September, 2024. The Managing Director seeks your opinion on the following under the provisions of the Companies Act, 2013 :
- (i) Akar, holding equity shares of face value of 10 lakhs, has not paid an amount of ₹ 1 lakh towards call money on shares. Can the same be adjusted against the dividend amount payable to him ?
- (ii) Akruti was the holder of 1,000 equity shares on 31st March, 2024, but she transferred the shares to Raka, whose name has been registered on 20th May, 2024. Who will be entitled to the above dividend ?

(5 marks)

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

2. (a) XYZ Pvt. Ltd. is having complex shareholding structure. Its shares are held by a multitude of entities, including individuals, trusts, partnerships, and other companies. Ambar holds 8% of equity shares of XYZ Pvt. Ltd. directly. He also holds 60% of equity shares of PQR Ltd. which holds 2% of equity shares of XYZ Pvt. Ltd. Based on this information and referring to the provisions of the Companies Act, 2013, explain the meaning of significant beneficial owner and determine, whether Ambar is a significant beneficial owner of XYZ Pvt. Ltd.

(3 marks)

- (b) Explain the concept of ‘‘Treasury shares’ with reference to the provisions of the Singapore Companies Act, 1967 (as amended). Additionally, explain on whether this concept is prevalent in the Indian context under the Companies Act, 2013.

(3 marks)

- (c) Explain the provision for creation of debenture redemption reserve account under the Companies Act, 2013. Also, assess the validity of the Board’s proposed action to utilise this reserve account for payment of interim dividend and conversion of partly paid equity shares into fully paid equity shares.

(3 marks)

- (d) Iceberg Cement (India) Limited, a top 1000 listed public company (the company), is a subsidiary of a global conglomerate of Iceberg Cement Plc. The group has a common policy of not declaring any dividend on its equity shares. The CFO of the company says that, as the global conglomerate has a zero-dividend policy, its Indian subsidiary also need not disclose its dividend distribution policy in its annual report or on its website. Assess the validity of the contention of CFO under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also, state, whether the company is required to comply with the disclosure requirement, if it is a company other than top 1000 listed company.

(3 marks)

: 5 :

- (e) Discuss the primary objectives of the National Financial Reporting Authority (NFRA) as enshrined under the Companies Act, 2013.

(3 marks)

OR (Alternate question to Q. No. 2)

- 2A.** (i) Explain the concept of statutory books and the statutory registers and records under the provisions of the Companies Act, 2013. Who will authenticate the statutory registers in the absence of Company Secretary in the employment of a company ?

(3 marks)

- (ii) “Green Initiative” is a Section 8 company, which has been operating successfully for the past 10 years, primarily engaged in environmental conservation and social welfare activities. Many big public limited companies funded the company toward CSR activities. Due to this, over the years, the company has accumulated substantial reserves and surplus funds. The company is now planning to declare dividend in the annual general meeting to be held with respect to the financial year ended 31st March, 2024. Can the company utilise the surplus/reserves so accumulated for declaration of dividend in accordance with the provisions of the Companies Act, 2013 ?

(3 marks)

- (iii) ABC Ltd. is engaged in the manufacturing of automobiles. It has a Board of Directors comprising of 5 members, including a Managing Director, a Whole-Time Director in charge of finance, and a Chief Financial Officer.

During a recent audit, it was discovered that the company's books of accounts were not maintained properly. There were discrepancies in inventory valuation, and certain transactions were not recorded accurately. The auditors pointed out that the financial statements prepared were not disclosing a true and fair view of the company's financial position.

Identify the persons who could be held responsible for the irregularities in the maintenance of books of accounts in ABC Ltd. and the penalty for which they may be liable as per the provisions of the Companies Act, 2013.

(3 marks)

- (iv) Explain about the Directors' Responsibility Statement covering the aspect of its authentication under the provisions of the Companies Act, 2013 ?

(3 marks)

- (v) Explain in brief the justification and advantages laid down in the Rule in Foss v Harbottle case law under the provisions of the Companies Act, 2013.

(3 marks)

: 7 :

3. (a) Amorphous Chemicals Limited, an unlisted public company, incorporated on 1st April, 2022, has given the following information :

₹ In crores		
Item	FY 2022-2023	FY 2023-24
Paid-up Equity Share Capital	300	300
Paid-up preference share capital	200	200
Security Premium	150	150
General Reserve	300	350
Revaluation Reserve	300	300
Profit and Loss Account (Credit Balance)	150	200
Profit after Tax	200	250
Turnover	1500	1600
Tax Rate	25%	25%
Dividend from Investments in companies in India	5	
Profit from investment made in foreign subsidiaries		10

With reference to provisions of the Companies Act, 2013, decide the applicability of CSR provisions and calculate the amount, if any, that needs to be spent on CSR during the FY 2024-25. Draw suitable assumptions and show working.

(5 Marks)

- (b) MNO Ltd. is a listed company. A group of minority shareholders alleges that the company's Board of Directors has engaged in fraudulent transactions, misappropriated company funds, and manipulated financial statements to inflate the company's share price. The alleged actions have resulted in significant losses to the shareholders.

A group of 50 shareholders, representing 3% of the total issued share capital, has decided to file a class action suit against the company and its directors under Section 245 of the Companies Act, 2013, seeking damages and other reliefs.

Based on the given facts explain, what is a class action suit. Additionally, assess the admissibility of the class action suit before the Tribunal under the provisions of the Companies Act, 2013.

(5 marks)

- (c) Explain the consequences of forged transfer under the Companies Act, 2013. What is the normal practice the company follows to avoid the consequences of forged transfer ?

(5 marks)

PART—II

4. (a) Akshay for going abroad for 6 months, appointed Raghav as a director in his place during his absence from India. The Board, rejecting the appointment of Raghav, appointed Madhuri as an alternate director to Akshay. Explaining the relevant provisions assess the validity of appointment of Raghav and Madhuri under the provisions of the Companies Act, 2013. Also, state the tenure for which the alternate director is appointed.

(5 marks)

- (b) Varahi Granite Manufacturing Limited has decided to appoint Rahul as its Managing Director for a period of 5 years with effect from 1st May, 2024. Rahul is an MBA graduate from IIM Mumbai having a Valid DIN and fulfils all the conditions as specified under Schedule V to the Companies Act, 2013.

: 9 :

The terms of appointment are as under :

- (i) Salary : ₹ 2 lakhs per month.
- (ii) Commission, as may be decided by the Board of Directors of the company from time to time.
- (iii) Perquisites :
 - (1) Free housing accommodation
 - (2) Medical reimbursement up to 15,000 per month,
 - (3) Personal Accident Insurance : ₹ 5 lakh.
- (iv) Gratuity, and Provident Fund as per Company's policy.

You are requested to draft a board resolution for the appointment of Rahul as a Managing Director considering the above terms and conditions under the provisions of the Companies Act, 2013.

(5 marks)

- (c) The following information is given :

₹ in crores

Item	BVM International Limited	ABC (Private) Limited	Super Grip Tyres Limited
Equity Share Capital	8	12	16
Preference Share Capital	5	0	0
Security Premium	24	12	32
Long term Loans from Banks	40	25	50

: 10 :

Short term loans from Banks	30	10	20
Profit and Loss Account	118	42	25
Total Revenue for FY 2023-24	75	24	65
Status	Listed	Private	Unlisted

Based on the above information and referring to the provisions of the Companies Act, 2013 determine, which companies are mandatorily required to appoint a whole-time company secretary and file the return with the Registrar of Companies under the provisions of the Companies Act, 2013. Also, state the appointing authority of the company secretary. Additionally specify, whether the company secretary of Super Grip Tyres Limited can simultaneously act as a company secretary of BVM International Limited, if it is an associate company and not the holding or subsidiary company of Super Grip Tyres Limited.

(5 marks)

- (d) Deep Sea Trawlers Limited, a public listed company has given the following information for the FY ended 31st March, 2024 :

Particulars	₹ in crores
Paid-up Equity share capital	12
Preference share capital	4
General Reserve	40
Security Premium A/c	24
Long term loans from Financial Institutions	65
Short term temporary credit from banks	10

: 11 :

A meeting of the Board of Directors (BOD) was convened on 31st May, 2024 to consider and approve availing a further term loan of ₹ 25 crore from the Financial Institutions. Advise the Board of Directors about obtaining a further loan of ₹ 25 crore under the approval of the appropriate competent authority with reference to the provisions of the Companies Act, 2013.

(5 marks)

Attempt all parts of either Q. No. 5 or Q. No. 5A

5. (a) A managing director of Askot Sugar Mills Limited, a listed company with 6000 members, wants to convene the next annual general meeting (AGM) through video conferencing. Apprise him on the following issues in this respect with reference to the provisions of the Companies Act, 2013 :
- (i) Whether venue should be mentioned in the Notice ?
 - (ii) How to keep the statutory registers, now kept in hard copies, open for inspection by members at the virtual AGM ?
 - (iii) Do the shareholders have a right to demand recording of proceedings of the virtual AGM ?
 - (iv) Can a member, unable to attend the AGM in person, appoint a proxy to attend and vote at the virtual AGM ?

(4 marks)

- (b) Pankaj is a director in many companies since long. His DIN is active and has been used many times for filing of the documents and forms with the Registrar of Companies. After attaining the age of 70 he has decided to retire from the directorship of all companies surrendering the DIN. With reference to the provisions of the Companies Act, 2013 explain the provisions relating to cancellation/surrender or deactivation of DIN. Also specify, whether Pankaj would succeed in surrendering the DIN.

(4 marks)

- (c) Happy Health Care Services Private Limited is one of the best in the field of medical and health services across the country. The company has been under scrutiny for its remuneration policies for Key Managerial Personnel (KMPs). The company has witnessed significant growth in the past five years and a profit-making entity, accompanied by substantial increases in the remuneration packages of its KMPs over the recent years.

Shareholders have raised concerns about the appropriateness of these remuneration packages, questioning their alignment with company performance, shareholder value creation, and regulatory compliance.

As a corporate governance expert, advise the shareholders in light of the provisions of the Companies Act, 2013, and relevant regulations regarding the statutory limits imposed on the remuneration of KMPs and the requirement of shareholders and creditors' approval thereto.

(4 marks)

: 13 :

- (d) Kidszone Private Limited running the garments business, manufacturing readymade clothes for kids was incorporated on 8th August, 2018 consisting of 20 members and 4 directors namely—Anju, Ankith, Bindu, and Bhuvan. The company is running a successful business with 200 employees. Company's paid-up share capital is ₹ 10 lakhs and turnover ₹ 2 crores as per the latest audited financial statements. Due to operational challenges the Company fails to hold an annual general meeting (AGM) for two consecutive years. Two members of the Company approached the NCLT seeking necessary relief. Assess the validity of the application and advise the Board of the legal consequences for not conducting the AGM with reference to the provisions of the Companies Act, 2013.

(4 marks)

- (e) Draft a specimen format of minutes of the board meeting and include therein a specimen resolution passed for declaration of interim dividend in the light of the provisions of the Companies Act, 2013.

(4 marks)

OR (Alternate question to Q. No. 5)

- 5A.** (i) Spa and Resorts Ltd, is a listed company with a paid-up equity share capital of ₹ 6 crore. The Board of Directors of the company has a total strength of 9 directors, none of them is the independent director. The company has also not appointed a company secretary on the contention that its paid up share capital is less than ₹ 10 crore. On 1st July, 2024 the company received a show cause notice from Bombay Stock Exchange (BSE) for imposition of a fine of ₹ 20 lakh for non-appointment

of a company secretary and the independent directors. As the secretarial advisor to the company, assess the validity of the show-cause notice with reference to the provisions of the Companies Act, 2013 and relevant SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(4 marks)

- (ii) As a senior company secretary suggest the Board—the terms and conditions for the appointment, tenure and vacation of office of small shareholders director with reference to the provisions of the Companies Act, 2013.

(4 marks)

- (iii) Referring to the provisions of Companies Act, 2013 explain the further procedure to be followed in case the appointment of whole-time director was not made in the general meeting in accordance with the provisions of Schedule V of the Companies Act, 2013.

(4 marks)

- (iv) Referring to the provisions of Companies Act, 2013, explain the mode of sending the notice of the general meeting including the notice of Extraordinary General Meeting (EGM) called by the requisitionists themselves on failure of the Board to call a requisitioned EGM. Can the company issue such notice by ordinary post ?

(4 marks)

- (v) Explain the concept of Annual Report and the Report on Annual General Meeting with reference to the provisions of the Companies Act, 2013. Do you think that these two terms are synonymous ?

(4 marks)

PART—III

6. (a) Mohan, a practicing Chartered Accountant (PCA), Soham, a practicing Company Secretary (PCS), Rakhi, a Cost and Management Accountant (CMA) and Sandiya, an Advocate are friends. They want to incorporate a LLP in the name of Easy Professional Solutions LLP having registered office in Hyderabad. Soham, a PCS expressed his doubt about the validity of forming such multi-disciplinary LLP. With reference to the Company Secretaries Regulations, 1982, you are requested to assess the validity of forming and functioning of multi-disciplinary LLP of the CA, CS and CMA along with the Advocate and explain the pre-requisites therefor.
- (b) AKDR Associates LLP, is an LLP of Practicing Company Secretaries (PCS). Anand, a PCS and a partner of the LLP is said to have committed the following mistakes :
- (i) He has issued a certificate on Annual Return of a listed company certifying false transfer of shares of the company.
 - (ii) He has falsely certified that the two Directors holding British Passports have attended the Board Meeting in India in person.
 - (iii) He has certified the annual return of the listed company in Form MGT-7 that two of the directors were Indian nationals who were, however, holding British passports.

Anand received a show-cause notice from the Disciplinary Council of ICSI as to why disciplinary action should not be initiated against him for the commitment of above mistakes. Assess, whether the above mistakes constitute professional misconduct under the Company Secretaries Act, 1980.

(5 marks each)

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