

*Roll No. ....*

*Time allowed : 3 hours*

*Maximum marks : 100*

*Total number of questions : 6*

*Total number of printed pages : 12*

*NOTE : 1. Answer ALL Questions.*

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

## **PART—I**

1. (a) Board of directors of Mega Ltd. an unlisted company has decided to move ahead for preferential offer of equity shares. In this connection the Managing Director wants to know :

(i) What is the time limit for completion of allotment of shares on preferential basis ?

(ii) What will happen if the allotment is not completed within the time limit above ?

(iii) In a situation where convertible securities are offered on a preferential basis with an option to apply for and get equity shares allotted how will the price for resultant shares pursuant to conversion be determined ?

*(5 marks)*

(b) Strong Ltd. was incorporated on 10th March, 2015 as an Indian company having registered office at Indore with six directors. It deals in manufacture of fertilizers. It has a foreign subsidiary incorporated in Korea since 1st April, 2023. A, accountant of the foreign subsidiary has informed Sumana, Manager (Accounts) of Strong Ltd. that audit is not necessary as per their local laws in Korea. Strong Ltd. decides to get the accounts

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of the subsidiary company audited by its own auditor, Star & Co., Chartered Accountants and then file the consolidated accounts with the Registrar of Companies for year ended 31st March, 2024. Discuss the validity of action of Strong Ltd with reference to the provisions of Companies Act, 2013.

(5 marks)

(c) Comment on the following :

“Every company is mandated to obtain annual secretarial audit report and annual secretarial compliance report from its statutory auditor.”

(5 marks)

(d) Referring to the provisions of Companies Act, 2013 (ACT), comment on the following :

(i) Any public company can accept deposit from the public by passing a Board Resolution.

(ii) Just like the provisions of the Act on debentures, appointment of Deposit Trustee is not mandatory for all companies when the number of depositors does not exceed five hundred.

(iii) The amount lying in Deposit Repayment Reserve can be used to issue bonus share.

(5 marks)

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

2. (a) With reference to the provisions of Companies Act, 2013 and the applicable Rules, explain the procedure for transfer and refund of dividend remaining unpaid/unclaimed for less than seven years.

(3 marks)

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(b) Jubilant Technologies Private Ltd. has commenced maintaining its books of account in electronic mode as per its Board's resolution dated 1st October, 2023. There is a query from the Accounts department to you, Company Secretary in employment regarding requirement of intimation of any specific information to the Registrar annually at the time of filing of financial statements on this aspect. Advise with reference to the provisions of Companies Act, 2013.

(3 marks)

(c) After a lot of discussion, negotiation, submission of information and explanations. Enkebee Ltd was sanctioned term loan of ₹ 200 lakh by the corporate office of Unity Bank on 10th March, 2023. Charge was created on 12th March, 2023. Sayani, Senior Manager (Accounts) of the company, made entry in the register of charges on 19th March, 2023.

Sayani believes that the register above shall have to be maintained for at least five years and the instrument creating the charge preserved for twelve years. Offer your comments referring to the provisions of the Companies Act, 2013.

(3 marks)

(d) Vibgyor Ltd. had closed its register of members in May 2023 and July 2023 for fourteen days and sixteen days respectively. Prakash, HOD (Finance) of the company has informed Pritam, Company Secretary to consider closing the register in November for another twenty days for some corporate restructuring events. You are informed that Vibgyor Ltd. is a listed company. Decide the validity of such a proposition under Companies Act, 2013.

(3 marks)

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- (e) Six hundred equity shares of Aastha Ltd. are presently held jointly by Aman, Raman and Shraman—their names appearing in the share certificates in this order. The joint shareholders want a transposition of the names in the order Raman, Shraman and Aman only in respect of two hundred shares. State the procedure under Companies Act, 2013.

(3 marks)

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

- 2A. (i) Gracious Housing Finance Company Ltd. is a subsidiary of listed company in India. The following information is extracted from the audited accounts of the company as on 31st March, 2024 :

(₹ in crore)

Particulars	Amount
Paid up capital	10
Reserves and surplus	1
Secured loan	0.20
Turnover	200

You have recently joined the company as General Manager (Secretarial) and Subir, Junior Officer (Accounts) has approached you if accounts are to be submitted under XBRL mode. Advise Subir.

(3 marks)

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- (ii) Examine whether Joy will fall under the purview of Significant Beneficial Owner with respect to Zed Ltd. in the following circumstances :
- (a) Joy holds 7% of equity in Zed Ltd. directly. He is also the trustee of a discretionary trust that holds 4% equity in Zed Ltd.
- (b) Joy holds 6% of equity while Mahek holds 7% of equity in Zed Ltd. and they are deemed to act together.
- (c) Joy holds 9% of equity in Zed Ltd. directly. He is also the Karta of a HUF that holds 7% equity in Zed Ltd.
- (3 marks)
- (iii) Chirag Ltd. has achieved a turnover ₹ 30 crore for the year ended 31st March, 2024. The Chief Operating Officer (COO) of the company is in a dilemma of cost audit would be applicable on the basis of turnover. You are a corporate consultant. Please advise the company about applicability of Cost Audit with reference to provisions of Companies Act, 2013.
- (3 marks)
- (iv) The Assistant Registrar of Companies examined e-form AOC-4 filed by Northern Private Ltd. and found it to be incomplete, defective. Therefore, he intimated the company to furnish further information/rectification of defects by allowing fourteen days' time. Is the action of Assistant Registrar acceptable ? Specify the e-form in which the additional information will be furnished by the company. What will happen, if even after furnishing the required information, the Registrar rejects the e-form or treats the same as invalid ?
- (3 marks)

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- (v) Madhuri, famous singer, was a rich woman in her late twenties. She enjoyed huge dividend and interest income from various sources. She formed three private companies and agreed with each to hold a block of investment as an agent for it. Income received was credited in the accounts of the company. The company handed back the amount to her as a loan in disguise. Consequently, she divided her income in three parts and discharged tax liability accordingly. Comment if there is any illegality in the above in reference to fundamental concepts of company formation.

(3 marks)

3. (a) Modest Ltd. has fallen within the purview of Corporate Social Responsibility norms recently. The Chief Executive Officer of the company wants to know from you, practising Company Secretary, how the following be dealt with in respect thereof :
- (i) Surplus arising out of the CSR activities :
  - (ii) Set off of excess CSR spends
  - (iii) Can CSR be made not applicable to any company ?

Discuss with reference to the provisions of Companies Act, 2013.

(5 marks)

- (b) (i) Prashant has joined the Board of Pragati Manufacturers Ltd. as a Nominee director on 15th March, 2024. You are the Secretary of the company and Prashant has connected with you to advise him the disclosures pertaining to credit rating of securities in Board's Report for year ended 31st March, 2024 as a good governance practice. Prepare a note to the Nominee director on the disclosures.
- (ii) Comment who will certify the annual return of Bright Ltd., an unlisted company having a turnover of ₹ 60 crore with four directors, Chief Executive Officer, President (Finance) and Company Secretary.

(5 marks)

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- (c) Prepare a checklist to be submitted to your Executive Director containing disclosure(s) to stock exchange after conclusion of board meeting and notice of book closure as a procedural step for declaration and payment of final dividend of Silence Ltd., a quoted company.

(5 marks)

**PART—II**

4. (a) (i) Meeting of Board of directors of Kasturi Hospitality Private Ltd. was adjourned. D could not attend the original meeting due to preoccupation. He had sought leave of absence on this ground which was granted. There was no extraordinary item of business to be discussed in the original meeting. Notice of adjourned meeting was not sent to D. Comment.
- (ii) Saptarshi, a small shareholder director, has specified to the Company Secretary that agenda and notes on agenda for forthcoming board meeting on approval of accounts be sent to him by e-mail. Due to urgency the company had to convene the board meeting at a shorter notice suddenly. The secretary arranged to deliver the agenda and notes thereon by hand at his residence. Saptarshi opposed to this mode of delivery and threatened to resign from the office. Discuss if the objection is tenable in the light of secretarial standards.

(2+3=5 marks)

- (b) Happy Travels Private Limited received a letter of resignation by post on 01-April-2023 purportedly signed by Shyamal Das, Director of the company.

The Company Secretary of the company Rohit Biswas, on the directions of the Managing Director, promptly intimated the ROC by filing Form DIR-12 and also placed the information of the resignation of Das on its website.

Few days later, the Police came knocking on the doors of the Company Secretary on a complaint given by Das u/s 468 of IPC, 1860 that he never signed such resignation letter and that the letter of resignation purportedly signed by him was a forgery. Referring to the provisions of Companies Act, 2013, decide on the further course of action.

(5 marks)

- (c) You are the General Manager (Secretarial) of Susrut Industries Ltd. With respect to ensuing annual general meeting to be held by video conferencing. The Executive Director wants to know from you the following :

- (i) Can the company mention in the notice that it holds the right to restrict the number of speaker shareholders depending on time availability ?
- (ii) As the company has neither maintained registers in electronic form nor has scanned the same, how can it keep registers open for inspection at the meeting held by video conferencing ? Advise.

(5 marks)

- (d) Manoj is the youngest member of CSR committee of Puzzle Garments Ltd. He understands that the CSR Committee shall formulate and recommend to the Board an annual action plan pursuant to its CSR policy and the policy shall include certain matters. Manoj discussed the issue with the chairman of the CSR committee and they have approached you, practising Company Secretary for your advice. Draft a suitable note for them.

(5 marks)

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

5. (a) On receipt of the notice and agenda notes from MNO Ltd., Kamal, Director has requested for participation through video conferencing on the scheduled date of the meeting. As a Company Secretary, what should be your advice to the Chairperson of the Board ? Also, can the Chairperson attend the Board meeting through video conferencing ? Advise the Company in the matter.
- (4 marks)*
- (b) Four Board Meetings were held during July to December in calendar year 2023. Thunder, a director, attended none of them. For first three meetings he sought leave of absence from the Board but did not inform the Board regarding last meeting as he was hospitalised. In the light of provisions of Companies Act, 2013 examine if he is disqualified to act as a director or otherwise.
- (4 marks)*
- (c) Out of nine directors in Moon Ltd. five are Indians and four are foreign nationals based in Indonesia. The Articles of the Company prescribe that quorum for a Board meeting will be at least 5 directors of which at two be foreign nationals. Comment if such a clause in articles is valid under provisions of Companies Act, 2013 ?
- (4 marks)*
- (d) Sukanya is director in nine public limited companies, one dormant public limited company and ten private limited companies. She has vast experience in business management and is invited by Green Ltd. to join as director. Discuss the relevant provisions of the Companies Act, 2013 and advise Sukanya.
- (4 marks)*

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- (e) You are a freshly qualified Company Secretary. During an interview for the position of Company Secretary in a listed company the Managing Director has asked you :
- (i) Functions of a Secretary in a listed company as compliance officer;
  - (ii) Can a secretary be punished in respect of offences under Companies Act, 2013 ?

Answer to the Managing Director.

(4 marks)

**OR (Alternate question to Q. No. 5)**

- 5A.** (i) Examine the validity of the following :
- (a) Sudarshan Chakraborty, aged 20, is appointed as independent director on the Board of BVS Scooters Limited, a listed company, by passing an ordinary resolution in the annual general meeting.
  - (b) Karna Kumar Baag, nominee director appointed by BICCI Bank Ltd. is removed from directorship at the annual general meeting of Reliable Capacitors Limited, a listed company, by passing an ordinary resolution.

(4 marks)

- (ii) Alpha Numeric Control Systems is a listed public company with Registered Office at Mumbai. The company has 5500 shareholders, examine the validity in the following :
- (a) To conduct the next Annual General Meeting (AGM) of the company at Kolkata where the majority of directors reside.  
The Board of Directors (BOD) have already passed a resolution to conduct the AGM at Kolkata.
  - (b) Due to non-finalization of annual accounts, the AGM was adjourned for two months. The Company Secretary wants to post the Notice calling for the adjourned AGM 3 days before the adjourned AGM on the company website.

(4 marks)

(iii) The paid-up capital of Srishti Ltd is rupees ten crore. The Board consists of twelve directors. Out of twelve, three positions are vacant. A resolution for calling a general meeting urgently was sent by circulation for approval. There are three interested directors in the resolution. Two directors out of these three interested directors and one other director require the resolution under circulation to be decided at a meeting and have communicated this to the company. Discuss and advise the Board if the resolution can be passed by circulation.

(4 marks)

(iv) Metal Ltd. created a mortgage over its heavy machineries in respect of a loan given by the sister of Krish, a director of the company. This fact was known to all the directors but the interested director neither disclosed his interest nor abstained from voting when the loan transaction was approved at the Board meeting. Decide the validity of the said transaction under provisions of Companies Act, 2013.

(4 marks)

(v) Jupiter Ltd. appointed Ashok as an Independent director for a term of three years. Upon completion of his first term, he was re-appointed for another term for the same period. Now upon completion of the second term, company again wants to re-appoint him as the independent director of the company considering the fact that he has not completed the consecutive term of ten years. Advise the Company on the feasibility of his re-appointment.

(4 marks)

**PART—III**

6. (a) CS Nitesh, a Company Secretary in practice gave an advertisement for staff for his office in newspaper as follows – “A reputed firm of Company Secretaries at West Mumbai requires Executive passed candidates on an urgent basis..... remuneration commensurate with the best in the industry ..... only local candidates are preferred ....”. He also outlined the number of trainees who have completed training from his office and number of appearances made before NCLT in the advertisement. With reference to the provisions of Company Secretaries Act, 1980 read with Schedules thereto comment if there is any professional misconduct in the following circumstances.

(5 marks)

- (b) (i) Write a brief note on revenue sharing models for a Mega Firm.  
(ii) In the light of provisions of relevant Secretarial Standard state if the minute book can be in the custody of a senior officer of the company where there is no Company Secretary in the company.

(5 marks)

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