National Management College – Perundurai

CA –Intermediate Batch: 2022- 2023

Gr: I Paper 2: Corporate and other laws

Maximum marks:100 **Time allowed:3hrs**

Division A is compulsory

In Division B, Question No.1 is compulsory

Attempt any Three questions out of the remaining Four question

Division A (30Marks) 15*2

Case Scenario-I

The aggregated value of the paid-up share capital of Sai Ram Limited, a listed company, was ₹ 200 crore divided into 20 crore equity shares of ₹ 10/- each at the end of the financial year 2021-22 having its registered office at Pune. This company had been registered with an authorized share capital of ₹ 300 crore divided into 30 crore equity shares of ₹10/- each. The company has very good requtation in compliance of all legal requirements on time. The company produces health related products such as ayurvedic medicines, medical instruments, sanitizers, masks, medical soaps etc. The extract of Balance sheet of the company as on 31st March, 2022 showed the following figures-

Particulars	Amount(₹ in crore)
Free reserves created out of profit	200
Securities Premium account	80
Credit balance of Profit & Loss account	50
Reserves created out of revaluation of assets	25
Miscellaneous expenditure not written off	10

Turnover of the company during the financial year 2021-22 was ₹700 crore and the net profit calculated in accordance with section 198 of the companies Act,2013 with other adjustments as per CSR Rules was ₹ 4 crore only.

The Board of Directors of the company constituted of the following persons as directors- a Chartered Accountant 'Sai Ram' as the Managing Director, 'Roshan' and 'Prachita' as independent directors, ' Hari Om', 'Bindu', 'Reddy' and 'Komal', Prakash, Chief compliance officer of the company informed the Board on 20th April, 2022 that the company attracts the provisions of section 135 of the Companies Act, 2013 and all the formalities have to be complied with accordingly. Thereafter, on 30th April, 2022 a CSR committee was formed to act and comply the provisions of corporate Social Responsibility.

The company proposed a list of activities to activities to spend 4% of the average net profit of the company made during the three immediately preceding financial years in pursuance of its CSR Policy as under-

1. The CSR projects for the benefit of employees of the company and their families only.
2. A contribution of' '10,000/- to a political party under section 182 of the Companies Act,2013
3. A contribution to the PM CARES fund during Covid pandemic.
4. Local activities like promotion of child and women education.
5. Activities carried out for fulfillment of any other statutory obligations under any law in force in India
6. CSR projects undertaken through a Section 8 company.

On the basis of above facts and by applying applicable provisions of companies Act, 2013 and the applicable Rules therein, choose the correct the answer.

1. **Prakash, Chief compliance officer of the company informed the Board on 20th April, 2022 that the company attracts the provisions of section 135 of the Companies Act, 2013. On what basis of the following he arrived at this conclusion-**

a) On the basis of turnover of the company.
b) On the basis of turnover and net profit of the company taken together.
c) On the basis of net Worth of the company.
d) On the basis of net worth and turnover of the company taken together.

2. **For the purpose of section 135 of the Companies Act,2013, the net worth has to calculated as defined under section 2 (57) of the Act. In this context, which of the following statements is correct with reference to the above case-**

a) The net worth of Sai Ram Limited during the financial year 2021-2022 was '520 crore.
b) The net worth of Sai Ram Limited during the financial year 2021-2022 was '530 crore.
c) The net worth of Sai Ram Limited during the financial year 2021-2022 was '555 crore.
d) The net worth of Sai Ram Limited during the financial year 2021-2022 was '620 crore.

3. **Sai Ram Limited constituted a Corporate Social Responsibility Committee as per the provisions of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014, therein consisting of-**

a) Sai Ram, Hari Om, Bindu and Reddy
b) Hari Om, Bindu Reddy and Prakash
c) Sai Ram, Hari Om Bindu and Prakash
d) Sai Ram, Hari Om, Bindu and Roshan

4. The Annual General Meeting of Yellow Limited was held on 25th June 2022. According to the provisions of Companies Act, 2013, till what date the company should submit report on AGM to the register?

(a) 30.06.2022 (b) 10.07.2022(c) 24.07.2022(d)25.07.2022

5. **K Limited decides to raise deposits of '10.00 lakh from its members. However, it proposes to secure such deposits partially by offering a security worth '5.00 lakh. Which of the following options best describe such deposits:**

a) Fully secured deposits deposits (except a small portion) (b) Unsecured deposits

c)Partially secured deposits (d) These cannot be classified as deposits

6.The Best Dry fruits Ltd was incorporated under the Companies Act, 1913. Whether provisions of the Companies Act, 2013 shall apply on it:

(a) No, the provisions of the Companies Act, 2013 shall not apply on it.

(b) Yes, the provisions of the Companies Act, 2013 shall not apply on it.

(c) The Companies Act, 1913 was enacted by the Brities Government, hence only an Act made by British Government shall apply on such company.

(d) Since, this company was incorporated by the British Government, hence the Companies Act of UK Govt shall apply

7. A Ltd. Is holding 61% shares in B Ltd. Holds 51% in C Ltd. State which is the correct statement here:

a) C Ltd. Is the holding company to A Ltd.
b) C Ltd. Is the holding company to B Ltd.
c) B Ltd. Is the Subsidiary to C Ltd.
d) Both B Ltd. And C Ltd. Are subsidiary to A Lt.

8.The financial statement in relation to a dormant company may not include:

(a) balance sheet (b) cash flow statement

(c) applicable explanatory note (d) profit and loss account

Case scenario-II.

Jai and Veenu, two friends, formed a private limited company as Basanti Taanga Private Limited and got it registered on 10th January, 2018. The registered office of the company was situated at Kolkata, west Bengal. The company had an authorized share capital of ₹ 50 lacs divided into 5 lacs equity shares of ₹ 10/- each. The issued, subscribed and paid-up share capital of the company was of ₹ 30 lacs divided into 3 lacs equity shares of ₹ 10 each. The company was engaged in supplying various motor parts to the vehicles companies. 'Basanti' was a registered Trade mark of Basanti Motorwala Private Limited of Mumbai since 15th January, 2016 under the Trade Marks Act, 1999. This company was also engaged in manufacturing and supplying various auto parts to the vehicles companies.

Basanti Motorwala Private Ltd. Of Mumbai came to know on 20th January, 2022 about Basanti Taanga Private Limited of Kolkata who was using identical name and mark. Being a registered proprietor of a trade mark, Basanti Motorwala Private Ltd. Filed an objection with an appropriate authority under companies Act, 2013 on 15th March, 2022 that the name Basanti Taanga Private Limited or the mark the company was using is found to be identical with or too nearly resembles to the registered trade mark of Basanti Motorwala Private Ltd. And as such the appropriate authority should direct Basanti Taanga

Private Limited to change its name. The appropriate authority after going through all the details rejected the application of Basanti Motorwala Private Ltd.

Thereafter on 14th July, 2020, Basanti Motorwala Private Ltd. Requested Basanti Taanga Private Limited to change its name and Basanti Taanga Private Limited accepted the same in good relationship.Basanti Taanga Private Limited complied with all the formalities under companies Act, 2013 such as passing of all necessary resolutions, taking approval from appropriate authority, filling of documents with the all Register of Companies etc. The name of the company Basanti Taanga Private Limited was changed to Jai veenu Private Limited. A fresh certificate of incorporation was issued to the company by the Register after being satisfied with the name change application of the company. Subsequent to the issuance of the new incorporation certificate, steps were taken up to incorporate the new name in all copies of the Memorandum of Association, Articles of Association and other documents of the company.

9.In the above case scenario, what can be the most evident reason for the appropriate authority to reject the application of Basanti Motorwala Private Ltd?

The appropriate authority rejected the application on the basis that the names of both the companies are different-Basanti Motorwala Private Ltd and Basanti Taanga Private Limited.

a) The appropriate authority rejected the application as Basanti Motorwala Private Ltd (owner of the registered mark) should had filed the objection within three years of the registration of company with identical name.
b) The appropriate authority could have rejected the application on the basis that both the companies are located in different cities and thus can use almost similar names.
c) The appropriate authority could have rejected the application on the basis that both the companies have different years of incorporation and both are located in different cities.

10.

In the above case scenario, what ought to have been the time limit within which Basanti Motorwala Private Ltd. Should have filed the objection for wrong name:

a) On or before 9th January, 2021
b) On or before 9th January, 2022
c) On or before 9th January, 2023
d) They can file the objection at any time

11.

According to above case, a fresh certificate of incorporation was issued to the company by the Register after being satisfied with the name change application of the company. Which of the following statements is correct in this context?

a) The change in name of the company is said to be complete and effective from the date of passing of resolution in the general meeting of members.

b) The change in name of the company is said to be complete and effective from the date of issue of fresh certificate of incorporation by the Registrar.
c) The change in name of the company is said to be complete and effective from the date on which documents were filed with the Registrar.
d) The change in name of the company is said to be complete and effective from the date of the order of Ministry of corporate Affairs approving the change of name.

12.One person company shall file a copy of the duly adopted financial statements to the Registrar in:

a) 30 days of the date of meeting in which it was adopted.
b) 90 days of the date of meeting in which it was adopted
c) 90 days from the closure of the financial year.
d) 180 days from the closure of the financial year.

13.

The Annual General meeting (AGM) of Green Limited was held on 31.8.2022 suppose the chairman of the company after two days of AGM went abroad for next 31 days. Due to the unavailability of the chairman, within time period prescribed for submission of copy of report of AGM with the registrar, the report as required was signed by two Directors of the company, of which one was additional Director. Comment on the signing of this report Of AGM.

Yes, the signing is in order as the report can be signed by any director in the absence of chairman.

No, the singing is in not order as only the chairman is authorized to sign the report

Yes, the signing is in order, as in the absence of chairman at least two directors should sign the report.

No, the signing is not in order, since in case the chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director,

If there is one and company secretary of the company.

14.

Red Limited is accepting deposits of various tenures from its members from time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order.

a) Four years from from the financial year in which the latest entry is made in the Register.
b) Six years from the financial year in which the latest entry is made in the Register.
c) Eight years from the financial year in which the latest entry is made in the Register.
d) Ten years from the latest date of entry.

15.During the half year ended September 2021, the board of directors (BOD) of New Era Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended on March 2019. Further during the year ended March 2022, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2021. You are required to state the validity of the acts of the Board of directors.

(a) The act of the BOD is valid only to the extent of application made for revisions in accounts as board's report are not eligible for revidion.

(B) The act of the BOD is valid as application made for revision in the accounts and board's report pertains to two different financial year.

(c) The act of the BOD is invalid as the law provides for only one time application to be made in a financial year for revision of accounts and boards report.

(d) The act of the BOD is invalid as to the application made for revision in accounts pertains to a period beyond Years immediately preceding the year 2022. The application made for revision in the Board report is however valid in law.

Part-II(70Marks)

Q.No.1 is compulsory & Attempt any Three questions out of the remaining Four questions

Q.No.1

(a) Purple Limited wants to raise funds for its upcoming project. Accordingly, it has issued private placement offer letters for issuing equity shares to 55 persons, of which four are qualified institutional buyers and remaining are individuals. Before the completion of allotment of equity shares under this offer letter, company issued another private placement offer letter to another 155 persons in their individual names for issue of its debentures.

Being a public company is it possible for Purple Limited to issue securities under a private placement offer? By doing so, whether the company is in compliance with provisions relating to private placement or should these offers be treated as public offers? What if the offer for debentures is given after allotment of equity shares but within the same financial year? **(7 Marks)**

(b) A Limited declared and paid 10% dividend to all its shareholders except Mr.B, holding 500 equity shares, who instructed the company to deposit the dividend, but the bank returned the payment on the ground that the account number as given by Mr. B doesn't tally with the records of the bank. The company, however, did not inform Mr. B about this discrepancy. Comment on this issue with reference to the provisions of the Companies Act,2013 regarding failure to distribute dividend. **(6 Marks)**

(c) Rashmika Ltd. Received share application money of ’50.00 Lakh on 01.06.2021 but failed to allot shares within the prescribed time limit. The share application money of ‘5.00 Lakh received from Mr. Kumar, a customer of the company, was refunded by way of book adjustment towards the dues payable

by him to the company on 30.07.2021. The Company Secretary of Rashmika Ltd. Reported to the Board that the entire amount of ‘ 50.00 Lakh shall be deemed to be ‘Deposits, as on 31.07.2021 and the company is required to comply with the provisions of the Companies Act, 2013 applicable to acceptance of deposits in relation to this amount.

You are required to examine the validity of the reporting of the Company Secretary in the light of the relevant provisions of the Companies Act, 2013 (6 Marks)

Q.NO.2

(a) XYZ & Associates, a firm of Chartered Accountants was re-appointed as auditors at the Annual General Meeting of ABC Ltd. Held on 30-09-2021. However, the Board of Directors recommended to remove them before expiry of their term by passing a resolution in the Board Meeting held on 31-03-2022.

Subsequently, having given consideration to the Board recommendation, XYZ & Associates were removed at the general meeting held on 25-05-2022 by passing a special resolution. The approval of the Central Government was not taken before passing the special resolution. Explaining the provisions for removal of second and subsequent auditors, examine the validity of removal of XYZ & Associates by ABC Ltd. Under the provisions of the Companies Act,2013 **(6 Marks)**

(b)The Articles of Association of a Company may contain provisions for entrenchment under Section 5 of the Companies Act, 2013. What is meant by entrenchment provisions in this context? Also state the relevant provisions of the said Act dealing with entrenchment provisions. **(5 Marks)**

(c)Yuvan Limited is a public company incorporated in Pune. The Board of Directors (BOD) of the company wants to bring a public issue of 1,00,000 equity shares of ‘ 10 each. The BOD has appointed an underwriter for this issue for ensuring the minimum subscription of the issue.

The underwriter advisedthe BOD that due to current economic situation of the Country it would be better if the company offers these shares at a discount of ‘ 1 per share to ensure full subscription of this public issue. The Board of Directors agreed to the suggestion of underwriter and offered the shares at a discount of ‘ 1 per share. The issue was fully subscribed and the shares were allotted to the applicants in due course.

(1)Decide whether the advise of underwriter to issue of shares as mentioned above is valid is per provisions of the Companies Act, 2013.

(2)What would be your answer in the above case if the shares are issued to employees as Sweat equity shares?

Q.No.3

(a)Octagon Limited is holding 58% of the paid up share capital of Pentagon Limted. Vijay, one of the shareholders of Octagon Limited, holding 10% shares of the company, has made a charitable trust. He

donated his 10% shareholding in Octagon Limited and ' 20 crore to the trust. He appointed pentagon Limited as the trustee. All the assets of the trust are held in the name of Pentagon Limited.

As per the provisions of the Companies Act,2013, decide whether Pentagon Limiter can hold shares of Octagon Limited. **(6 Marks)**

(b) Explain the provisions of the Companies Act, 2013 relating to the ' Service of Documents' on a company and the members of the company? **(5 Marks)**

(c) The persons (not being members) dealing with the company are always protected by the doctrine of indoor management. Explain. **(6 Marks)**

Q.No. 4

(a)A' and his wife 'B' has joint Demat Account in Vrinda Limited. The company,s Annual General Meeting is to be held on 28.08.2022. In such a case, who will cast the vote in the Annual General Meeting? Give your answer as per the provisions of the Companies Act,2013. **(5 Marks)**

(b)State the persons responsible for complying with the provisions regarding maintenance of Books of Accounts of a company. Support with the help of relevant provisions of the Companies Act, 2013.
(5 Marks)

(b)State the persons responsible for complying with the provisions regarding maintenance of Books of Accounts of a company. Support with the help of relevant provisions of the Companies Act,2013.
(5 Marks)

(c) Who cannot be appoin**t**ed **as** ' Debenture Trustee'? (7 Marks)

Q.No. 5

(a) Saai Nidhi Ltd., was about to hold an AGM on 25th August, 2022, for which the notice of AGM along with relevant documents, as prescribed, was sent to all its members including the following:

Sr.No.	Particulars
1	A Member individually holding shares with face value of ₹ 800 which amounted to 0.16% of the total paid-up share capital.
2	Two members jointly holding shares with face value of ₹ 1,600 which amounted to 0.32% of the total paid-up capital.
3	Forty-two members each holding individually share with face value of ₹ 600 which amounted to holding 0.12% of the total paid-up share capital for each such member.
4	All the remaining members holding individually more than 1.2% of the total paid-up share capital of the company.

In the AGM held on 25th August, 2022, the members were not provided with the facility to vote by electronic means. In the context of aforesaid case-scenario, answer whether Saai Nidhi Ltd. Was

required to send the notice of AGM along with relevant documents to all its members as aforesaid? **(6 Marks)**

(b)H Ltd., is subsidiary company, having five directors in its board which includes two independent directors.

S (P) Ltd., is subsidiary company of H Ltd., actively carrying on its business, having paid up capital of ‘ 1.5 crore with 40 members and turnover of ’18 crore, respectively and the said company is not a start-up company.

In the context of aforesaid case-scenario, answer to the following question(s):-

Whether Sankul (P) Ltd. Is mandatorily required to prepare cash flow statement for the financial year as a part of its financial statements?

Provide your answer by analyzing S (P) Ltd. Into following category of companies:-

(i) One person company, (ii) Small company, (iii) Dormant company and (iv) Private company, respectively. **(6 Marks)**

(c)Write about RHP & Information memorandum. **(5 Marks)**