

TOPIC : FULL COURSE

(Time allowed : 3 hours)

PART – I (30 MARKS)

INTEGRATED CASE SCENARIO (ICS)

Mr. Mohit Aggarwal is a director of Superior Carbonates and Chemicals Limited (SCCL). SCCL was incorporated by Mr. S. K. Aggarwal (father of Mr. Mohit) on 05th July, 1995, as a public company. SCCL accepts a loan of ` 1.5 crores from Mr. Mohit and the loan is expected to be repaid after twenty four months. SCCL in its books of account, records the receipt as a loan under non-current liabilities. At the time of advancing loan, Mr. Mohit affirms in writing that such amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and complete details of such loan transaction is furnished in the boards' report.

DBSL which is an unlisted public company, also proposed to accept the deposits from the public as on 1st November, 2021, which would be due for repayment on 30th September, 2026. DBSL also accepts a LAP (Loan against property) for a term of 10 years from a financial institution on 18th June 2021. Charge was created on that day, but

DBSL failed to register the charge with the registrar within the prescribed time. The Registrar granted a grace period of further 30 days to DBSL in respect of application filed by it for the same, however, still it failed to register the charge within the prescribed time. Finally, the application for registration of charge was furnished on 18th August 2021.

SCCL has registered office in Paonta-sahib (Himachal Pradesh) and corporate office is situated in Dehradun (Uttarakhand) but around 15% of total members whose name is entered in members register are residents of Nainital (Uttarakhand). SCCL has a liaison Office at Nainital. Management of the company is willing to place the register of members at the Nainital Liaison Office. DBSL convene its 7th AGM on 10th September, 2021 at the registered office of the company. Notice for same was served on 21st August 2021. 78% of members gave consent to convening AGM at shorter notice due to ambiguity and possibility of another lockdown starting from 11th September 2021, on account of the Omicron variant of COVID-19.

In view of the above scenario keeping the basic provision of Companies Act 2013 in mind answer the following multiple choice questions.

1. Pick the right statement regarding SCCL's willingness to keep and maintain the register of members at the Nainital liaison office.

- (a) Register of members shall be kept at either registered office or within the same city that too after passing the resolution, hence SCCL is not correct in placing it at the Nainital liaison office
- (b) Register of members cannot be kept at any other place by SCCL, without passing an ordinary resolution
- (c) Register of members can be kept at Nainital liaison office, after passing a special resolution, because more than 1/10 thof the total members entered in the register of members reside there
- (d) Register of members cannot be kept at Nainital liaison office, even after passing a special resolution, because less than 1/20 thof the total members entered in the register of members reside there
2. With reference to application to the registrar for registration of charge by DBSL, which of the following statements is correct?
- (a) The charge cannot be registered now, even if the Registrar permits the same.
- (b) The charge can be registered, if registrar permits with payment of ad-valorem fees.
- (c) The charge can be registered, if registrar permits but with payment of additional fees as prescribed.
- (d) The charge can be registered, with payment of standard fees.
3. With reference to the loan advanced by Mr. Mohit to SCCL, state whether the same is to be classified as a deposit or not?
- (a) Deposit, because any sum advanced by the director whether loan or otherwise is always classified as a deposit.
- (b) Deposit, because the tenor of the loan is for a period of more than six months.
- (c) Not a deposit, because such amount is recorded as loan in books of account of SCCL.
- (d) Not a deposit, because the necessary written declaration is provided by Mr. Mohit in respect of such loan advanced to SCCL.
4. Considering the provision relating to length of Notice for AGM, pick out the right option:
- (a) Notice served by DBSL is not valid, because notice given within a shorter duration has to be consented to by all the members entitled to vote at AGM.
- (b) Notice served by DBSL is not valid, because notice given within a shorter duration has to be consented to, by at-least 95% of members entitled to vote thereat.
- (c) Notice served by DBSL is valid because such shorter notice has been consented to, by 75% of members entitled to vote thereat.
- (d) Notice served by DBSL is not valid, because notice given within shorter duration needs to be at-least consented by 50% of the members entitled to vote at the AGM and that too, in writing.

MULTIPLE CHOICE QUESTIONS :

1. An act or omission constitutes an offence under two enactments. Referring to the provisions of the General Clauses Act, 1897, state which among the following is correct in such a situation:
 - (a) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted last and not under the other enactment.
 - (b) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted first and not under the other enactment.
 - (c) The offender shall be liable to be prosecuted and punished under both the enactments.
 - (d) The offender shall be liable to be prosecuted and punished under that either or any of those enactments, but shall not be punished twice for the same offence.
2. _____ is the cardinal rule of construction that words, sentences and phrases of a statute should be read in their ordinary, natural and grammatical meaning so that they may have effect in their widest amplitude.
 - (a) Rule of Literal Construction
 - (b) Rule of Harmonious Construction
 - (c) Rule of Beneficial Construction
 - (d) Rule of Exceptional Construction.
3. Modern Furniture Limited, an existing private company willing to insert the provisions for entrenchment; it
 - (a) Can amend the article by passing an ordinary resolution
 - (b) Can amend the article by passing a special resolution
 - (c) Can amend the article agreed by all the members
 - (d) Can't amend article to made the provisions for entrenchment
4. Trident Limited is in process of making private placement of securities. It received application money on 2nd March 2023. It shall allot its securities by _____, if failed then repay application money to the subscribers by _____, else liable to repay that money with interest at the rate of _____.
 - (a) 1st April, 16th April, and 12% respectively
 - (b) 1st May, 16th May, and 12% respectively
 - (c) 1st April, 16th April, and 6% respectively
 - (d) 16th April, 1st May, and 12% respectively.
5. Where an Act of Parliament does not expressly specify any particular day as to the day of coming into operation of such Act, then it shall come into operation on the day on which.
 - (a) it receives the assent of the President
 - (b) it receive the assent of Governor General
 - (c) it is notified in the official Gazette

- (d) It receives the assent of both the houses of Parliament.
6. Radix Healthcare Ltd., a company registered in Thailand, although has no place of business established in India, yet it is engaged in online business through remote delivery of healthcare services in India. Select the incorrect statement from those given below as to the nature of the Radix Healthcare Ltd. in the light of the applicable provisions of the Companies Act, 2013:
- (a) Radix Healthcare Ltd. is not a foreign company as it has no place of business established in India.
 - (b) Radix Healthcare Ltd. is a foreign company being involved in business activity through telemedicine.
 - (c) Radix Healthcare Ltd. is a foreign company for conducting business through electronic mode.
 - (d) Radix Healthcare Ltd. is a foreign company as it conducts business activity in India.
7. The approved name of LLP shall be valid for a period of ___ from the date of approval:
- (a) 1 Month
 - (b) 2 Months
 - (c) 3 months
 - (d) 6 months
8. Where any legislation or regulation requires any document to be served by post, then unless a different intention appears, the service shall be deemed to be effected by :
- (a) Properly addressing
 - (b) Pre-paying
 - (c) Posting by registered post
 - (d) All of the above
9. In the interpretation of statutes “non-obstante” clauses is called:
- (a) Subject to
 - (b) Not withstanding anything contained
 - (c) Without prejudice
 - (d) A specific rule will override a general rule
10. Which one of the following is the secondary rule of interpretation?
- (a) Rule of beneficial construction
 - (b) Doctrine of Noscitur a Sociis
 - (c) Rule of exceptional construction
 - (d) Mischief rule
11. Birthday Card Limited, a listed company can appoint or re – appoint, Mishra and Associates (a firm of Chartered Accountants), as their statutory auditors for :
- (a) One year only
 - (b) One term of 3 consecutive years only
 - (c) One term of 4 consecutive years only
 - (d) Two terms of 5 consecutive years

12. Popular Cargo Ltd. Incurred heavy losses in preceding three financial years. Due to insufficient profit, the company is unable to redeem its existing preference shares though as per the term of issue they need to be redeemed within next two months. The remedy available to the company in respect of outstanding preference shares under the Companies Act, 2013 is to issue further redeemable preference shares by taking the consent:
- (a) Of the holders of three fourth in value of such preference shares and the approval of the Central Govt.
 - (b) Of 90% shareholders in value of such preference shares and the approval of Tribunal
 - (c) Of 75% in value of such preference shares and the approval of Tribunal
 - (d) Of the majority in value of such preference share holders and the approval of the Tribunal
13. Which of the following company has been introduced as a new class of company under the Companies Act, 2013.
- (a) Listed Company
 - (b) Unlisted Company
 - (c) Section 8 Company
 - (d) One Person Company
14. The minute books of the general meeting of Sneha Marmo Ltd. shall be preserved permanently and kept in the custody of company secretary or any director duly authorised by the board at:
- (a) the place where members of the company will decide
 - (b) the place where the registered office of the company is situated
 - (c) Through central office of the company where the company control and manage the business
 - (d) the place where the Board of Directors will decide
15. As per Section 26 (8) of the Companies Act, 2013 no prospectus shall be valid if it is issued more than _____ after the date on which a copy thereof is delivered to the Registrar.
- (a) 30 days
 - (b) 60 days
 - (c) 90 days
 - (d) 120 days
16. A company shall not re-open its books of accounts and not recast its financial statements on the application of
- (a) Registrar
 - (b) The Central govt.
 - (c) The Income Tax authorities
 - (d) The Securities and Exchange Board of India

17. Annual general meeting of Quick Service Ltd. was scheduled to be held on 20th August 2021 at 11 AM. Mr. A, a member of the company appointed Mr. B as his proxy and the proxy form was deposited by Mr. B on 17th August, 2021 at 10 Am with the company at its registered office. The articles of Quick Service Ltd. provided that the proxy form should be deposited in the registered office of the company at least before 5 days. Analysing the facts of the problem decide which of the following statement is appropriate and valid regarding receiving of the proxy form by the company.

- (a) Proxy received 5 days before the meeting.
- (b) Proxy received 48 hours before the meeting.
- (c) Proxy received 3days before the meeting
- (d) Proxy received 24 hours before the meeting.

18. Ankit along with 6 other relatives incorporated, Ankit Handicrafts Ltd. in January 2019. The paid up share capital of the company remained 30 lacs. In the financial year 2020-2021 the turnover of the company was below Rupees 2 crores. Relying on the paid up share capital and the turnover data, the company wants to enjoy benefits of a small company. Which of the following statements is correct in this regard under the provisions of the Companies Act, 2013:

- (a) Ankit Handicrafts Ltd. may be treated as a small company because its paid up share capital is much below Rupees 4 crores and turnover also does not exceed the limit of Rupees 40 crores.
- (b) Provision of small company is not applicable to this company.
- (c) Ankit Handicrafts Ltd. has maintained the norms applicable to a small company for two years therefore it may be treated as small company.
- (d) If all the member of Ankit Handicrafts Ltd. give an undertaking to the Registrar of Companies and assure that they will not exceed the limits of paid up share capital and turnover then the company may be treated as 'small company'

19. Ram and Ishwar incorporated a company namely Ishwar Solutions Pvt. Ltd. Both the members of the company made a name reservation application accompanied by requisite fee to the Registrar for reservation of new name. Registrar accorded its approval for reservation of most preferred name "Rameshwar Solution Pvt. Ltd." on 1st March 2021.

By which date of the following such new name shall be kept reserved by the Registrar of the companies:

- (a) Latest by 21st March 2021
- (b) Latest by 1st April 2021
- (c) Latest by 15th April 2021
- (d) Latest by 30th April 2021

20. Denim Surgicals Ltd. declared 10% dividend to its equity shareholders. But it neither be distributed and nor was transferred to bank account even after 40days from the declaration of dividend. In such case interest on such divided will be paid at the rate of :
- (a) 6% P.A.
 - (b) 8% P.A.
 - (c) 10% P.A.
 - (d) 12% P.A.
21. Nixon Leather Goods Company was incorporated to manufacture shoes and other leather products. Company took a loan by creating a floating charge against raw material in the form of leather. In such case:
- (a) Company cannot use leather to manufacture leather goods
 - (b) Company can use leather to manufacture leather goods only with the permission of lender
 - (c) Company can use leather to manufacture leather goods without seeking any permission from the lender
 - (d) Raw material in the form of leather shall be kept in the security of the company till the company goes into liquidation
22. Ranjeet formed a One Person Company (OPC) with his wife Sonam as nominee. Sonam is suffering from Cancer disease since the last three years and due to this hard fact Ranjeet wants to change her as nominee. He has a trusted and experienced friend Sunil who could be made nominee or Ranjeet's son Rakesh who is of seventeen years of age. To whom Ranjeet should nominate as nominee in place of his wife Sonam:
- (a) Rakesh, son of Ranjeet is in blood relation, therefore he may be a nominee
 - (b) Ranjeet can appoint his friend Sunil as nominee in his OPC
 - (c) Sonam disagree with the proposal of Ranjeet hence Rajesh cannot change her as nominee.
 - (d) Either Rakesh or Sunil can be appointed as nominee.

(22 * 1 MARK =22)

PART-II (70 Marks)

Question 1 is compulsory. Answer any three out of remaining four

QUESTION : 1

- (A)** Mr. Santosh acquired Lake View Resort from RST limited which was mortgaged to Saral Bank. He settled the dues to Saral Bank in full and the same was registered with the sub-registrar who has noted that mortgage has been settled. But neither the company nor Saral Bank has filed particulars of satisfaction of charge with the Registrar of Companies.

Examining the provisions of the Companies Act, 2013 in this respect advise on the following points:

- (i) Whether Mr. Santosh may approach to the Registrar and seek any relief in this regard?
- (ii) What powers may be exercised by the Registrar of Companies despite the fact that no information has been received by him from the company?

(6 MARKS)

QUESTION : 1(B)

- (i) Examine the validity of the following cases referring the provision of the companies Act, 2013:

Mr. Raman, a Chartered Accountant, was appointed as an auditor of Surya Distributors Ltd., in the AGM of the company held in Nov., 2020 in which he accepted the assignment. Later on in Jan. 2020 he joined as a partner in the Consultancy firm where Mr. Som is also a partner. Mr. Som is also working as a finance executive of Surya Distributors Ltd.

(3 MARKS)

- (ii) Explain the provisions related to the penalty u/s 76A for contravention of section 73 or section 76.

(3 MARKS)

QUESTION : 1(C)

In the light of the provisions of the Companies Act, 2013 explain whether the following Companies can be considered as a 'Foreign Company':

- (i) A Company which has no place of business established in India, yet, is doing online business through telemarketing in India.
- (ii) A Company which is incorporated outside India employs agents in India but has no place of business in India.

(4 MARKS)

QUESTION : 1(D)

"LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership". Explain.

(3 MARKS)

QUESTION : 2(A)

The Articles of Lovely Tea Company Ltd. provided that the directors may borrow on bonds such sums as may, from time to time be authorized by resolution passed at a general meeting of the company. The Board of Directors of the company authorized Mr. A and B to accept the loan on behalf of the company. Mr. A and B borrowed a sum of money from C. The shareholders claimed that no such resolution was passed by the company, therefore, the loan was taken without their authority and the company is not bound to pay the loan to C.

Decide whether the liability of the Lovely Tea Company Ltd. stands and the company is bound to pay the loan to C as per the provision of the Companies Act, 2013?

(4 MARKS)

QUESTION : 2(B)

- (i) The Income Tax Authorities in the current financial year 2020-2021 observed, during the assessment proceedings, a need to reopen the accounts of Smart Technology Ltd. for the financial year 2008-2009. In this respect, Income Tax Authorities filed an application before the National Company Law Tribunal to issue the order to Smart Technology Ltd. for re-opening of its accounts and recasting the financial statements for the financial year 2008-2009. Examine the validity of the application filed by Income Tax Authorities to National Company Law Tribunal.

(3 MARKS)

- (ii) Rashi Sahu Limited was incorporated on 01.04.2019. No significant matter was reportable of the company to its shareholders so no general meeting of the company was called till 30.04.2021. Later on, the company appointed Mr. Rashid as senior accountant. Mr. Rashid traced and pointed out that the company is required to hold the 1st AGM. Being Chartered Accountant, the company wants to seek the advice from you in the following matter:

- (i) What is the time limit for holding 1st AGM of the company?
- (ii) Whether time limit of 1st AGM may be extended by the Registrar of Companies under the provision of the Companies Act, 2013.

(3 MARKS)

QUESTION : 2(C)

Trisha Data Security Limited was incorporated just a year ago with a paid – up share capital of Rs. 200 crore. Within such a small period of about year in operation, it has earned sizeable profits and has topped the charts for its high employee – friendly environment. The company wants to issue sweat equity to its employees. A close friend of the CEO of the company has told him that the company cannot issue sweat equity shares as minimum 2 years have not elapsed since the time company commenced its business. The CEO of the company has approached you to advise about the essential conditions to be fulfilled before the issue of sweat equity shares especially since their company is just about a year old.

(4 MARKS)

QUESTION : 2(D)

Kanik, Priyansh, Abhinav and Bhawna were partners in Singh Jain & Associates LLP. Abhinav resigned from the firm w.e.f. 01.11.2022 but this was not informed to ROC by LLP or Abhinav. Whether Abhinav will still be liable for the loss of firm of the transactions entered after 01.11.2022?

(3 MARKS)

QUESTION : 3(A)

New Pharma Ltd. issued a notice for holding its annual general meeting on 7th Nov. 2020. The notice was posted to the members on 16th Oct. 2020. Some members of the company alleged that the company has not complied with the provision of the Companies Act, 2013 with regard to the period of notice and as such the meeting was invalid. Referring to the provision of the companies Act, 2013 decide:

- (i) Whether meeting has been validly called?

- (ii) If there is a shortfall in the notice, state and explain by how many days does the notice fall short of the statutory requirements?

(5 MARKS)

QUESTION : 3(B)

Red Rose Limited has an authorized share capital of 1,00,000 equity shares of Rupees 100 per share and an amount of Rupees 3 crore in its share premium account as on 31.03.2020. The Board of Directors wants to use share premium account for expand the business of the company. Advise, whether the directors can do so? State the limits within which the securities premium account may be applied by the company.

(5 MARKS)

QUESTION : 3(C)

X owned a land with fifty tamarind trees. He sold his land and the timber (obtained after cutting the fifty trees) to Y. X wants to know whether the sale of timber tantamount to sale of immovable property. Advise him with reference to provisions of the General Clauses Act, 1897

(4 MARKS)

QUESTION: 3(D)

Explain the rule of 'beneficial construction' while interpreting the statutes giving an example.

(3 MARKS)

QUESTION : 4(A)

Examine the validity of the following statements in accordance with the provision of the companies Act, 2013:

- (i) The articles of association of Jagruti Mills Ltd. contained a provision that up to 4% of issue price of the equity shares may be paid as underwriting commission to the underwrites. The Board of Directors of the company decided to pay 5% underwriting commission.
- (ii) The Board of Directors of Super Cargo Ltd. proposes to declare dividend at the rate of 20% to the equity shareholders, despite the fact that the company has defaulted in repayment of public deposits accepted before commencement of this Act.

(3 MARKS)

(3 MARKS)

QUESTION: 4(B)

Strong Security Equipment Ltd. was incorporated under the provision of the companies Act, 2013. Due to instant need of the security equipments in the market and at the government level, the company desires to commence the business immediately. What steps should be taken by the company to complete the procedure for commencement of business?

(4 MARKS)

QUESTION : 4(C)

Gajanan Stones Ltd. declares dividend for its shareholders in annual general meeting held on 21 August, 2021. Referring to the provisions of the General Clauses Act, 1897 and the Companies Act, 2013 advise on the following queries:

- (i) The dates during which Gajanan Stones Ltd. is required to pay the dividend.
- (ii) The dates during which Gajanan Stones Ltd. is required to transfer the unpaid or unclaimed dividend to unpaid dividend account.

(4 MARKS)

QUESTION : 4(D)

What will be the effect of usage while interpreting a statute?

(3 MARKS)

QUESTION : 5(A)

Swati Producers Limited called its AGM on 30th August 2020. Mr. Aman lodged a complaint against the company stating that he could have attended the meeting but the company did not serve the notice of the meeting to him for attending the AGM. The company in turn provided the proof that they have sent the notice by way of an email to Mr. Aman, inviting him to attend the AGM of the company, Mr. Aman alleged that he never received the email.

In the light of the provision of the Companies Act, 2013 state whether the company is liable as guilty for contravening the legal provision of this Act?

(5 MARKS)

QUESTION : 5(B)

Government of Tamilnadu is holding 51% of the paid up equity share capital of Star Pharma Ltd. The audited financial statements of Star Pharma Ltd. for the financial year 2019 -2020 were placed at its AGM held on 31st August 2020, However, without discussion on the comments of the comptroller & Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. On receipt of CAG comments on the accounts the adjourned AGM was held on 15th October, 2020 whereat the accounts were adopted. Thereafter, Star Pharma Ltd. filed its financial statements relevant to the financial year 2019-2020 with the Registrar of Companies on 12th Nov. 2020. Examine, whether Star Pharma Ltd. has complied with the statutory requirements regarding filing of accounts with the Registrar as per the Companies Act, 2013?

(5 MARKS)

OR

QUESTION : 5(B)

What is meant by Abridged Prospectus? State the circumstances when abridged prospects need not accompany the detailed information regarding prospectus along with the application form? Which penalties may be imposed in case if a default is made in complying with the provisions relating to issue of abridged prospectus?

(5 MARKS)

QUESTION : 5(C)

Mr. Rohan, an Indian Resident individual desires to obtain Foreign Exchange for the following purposes:

- (A) US\$ 120,000 for studies abroad on the basis of estimates given by the foreign university.
- (B) Gift Remittance amounting US\$ 10,000.

Advise him whether he can get Foreign Exchange and if so, under what condition(s)?

(4 MARKS)

QUESTION: 5(D)

A confusion, regarding the meaning of 'financial year' arose between C.A. and commerce students. Both were having different arguments regarding the meaning of financial year & Calendar year. However, they approached to a senior expert in the profession: State the correct meaning of the financial year which should be given by such expert under the provision of the General Clauses Act, 1897.

(3 MARKS)