

Roll No.

Total No. of Questions – 7

Total No. of Printed Pages – 8

Time Allowed – 3 Hours

Maximum Marks – 100

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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Attempt any five questions from the remaining six questions.

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| 1. (a) On recommendation of the Board of Directors of <u>DJA Company Limited</u> , Mr. R is appointed at the company's <u>Annual General Meeting</u> held on 1 st October, 2014 as the company's <u>auditor</u> <u>for a period of 10 years</u> . A resolution to this effect was passed unanimously with no vote against the resolution. Explaining the provisions of the Companies Act, 2013 relating to the appointment and re-appointment of <u>auditors</u> : | 5 |
| (i) Examine the validity of the above resolution. | |
| (ii) What shall be your answer in case an audit <u>firm</u> <u>Messrs R & Associate</u> is appointed as the company's auditor ? | |

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- (b) The Board of Directors of XYZ Company Limited at its meeting declared a dividend on its paid-up equity share capital which was later on approved by the company's Annual General Meeting. In the meantime the directors at another meeting of the Board decided by passing a resolution to divert the total dividend to be paid to shareholders for purchase of investments for the company. As a result dividend was paid to shareholders after 45 days. Examining the provisions of the Companies Act, 2013, state :
- (i) Whether the act of directors is in violation of the provisions of the Act and also the consequences that shall follow for the above act of directors ?
- (ii) What would be your answer in case the amount of dividend to a shareholder is adjusted by the company against certain dues to the company from the shareholder ?
- (c) Mr. Bhagvath, recently acquired 76% of the equity shares of M/s Renowned Company Ltd., in the hope of earning good dividend income. Unfortunately the existing Board of Directors have been avoiding declaration of dividend due to alleged inadequacy of profits. Unconvinced, Mr. Bhagvath seeks permission of the Company to allow him to examine the Books of Accounts, which is summarily rejected by the Company. Examine and advise the provisions relating to inspection of Books of Accounts and remedy available.
- (d) Central Government has received complaints regarding improper functioning of a stock exchange. Explain the powers of the Central Government under the Securities Contracts (Regulation) Act, 1956 to suspend the business of the stock exchange.

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2. (a) Referring to the provisions of the Companies Act, 2013, examine the validity of the following : 8

- (i) The Board of Directors of AJD Limited appointed Mr. N as an alternate director for a period of two months against a director who has proceeded abroad on leave for a period of six months. Articles of Association of the company are silent.
- (ii) Mr. P who is not qualified to be appointed as an independent director is appointed by the Board of Directors of XYZ Company Limited, for an independent director, as an alternate director.
- (iii) On the request of bank providing financial assistance the Board of Directors of PQR Limited decides to appoint on its Board Mr. Peter, as nominee director. Articles of Association of the company do not confer upon the Board of Directors any such power. Further, there is no agreement between the company and the bank for any such nomination.

- (b) (i) Following is data relating to Prince Company Limited :

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Authorised Capital (Equity Shares)	– ₹ 100 crores
Paid-up Share Capital	– ₹ 40 crores
General Reserves	– ₹ 20 crores
Debenture Redemption Reserve	– ₹ 10 crores
Provision for Taxation	– ₹ 5 crores
Loan (Long Term)	– ₹ 10 crores
Short-Term Creditors	– ₹ 3 crores

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Board of Directors of the company by a resolution passed at its meeting decide to borrow an additional sum of ₹ 90 crores from the company's Bankers. You being the company's financial advisor, advise the Board of Directors the procedure to be followed as required under the Companies Act, 2013.

- (ii) Mr. N is appointed as an Additional Director by the Board of Directors of MNR Company Limited at its meeting held on 1st October, 2014 for a period as permitted by the law. 3

Draft a resolution and state the body which appoints N.

3. (a) What securities are not eligible for the computation of minimum promoters' contribution in case of public issue of shares by a company according to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ? State the cases in which the requirements of minimum promoters' contribution to an issue is not applicable. 8
- (b) Explain the concept of 'CSR' (Corporate Social Responsibility) as introduced by the Companies Act, 2013. Examining the provisions of the Act, answer the following : 8
- (i) Which companies are required to constitute a CSR Committee ?
 - (ii) Which companies are excluded from the requirements of the provisions of the Act in relation to CSR Committee ?
 - (iii) What is the minimum contribution the companies are required to make towards CSR ?

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- (a) Zebra Private Limited was incorporated in the year 2010 under the Companies Act, 1956 by 3 brothers, namely A, B and C. All the three were promoter-directors named in the Articles of Association and subscribed for 100 shares each in the company through Memorandum of Association. Thereafter from time to time, further shares were allotted in proportion to one-third to each of them and in due course the company started earning substantial profits. Due to greed of money, the two brothers, namely A and B joined hands together and assumed complete control of the company leaving their brother C in lurch. Both the brothers got further shares allotted to themselves, thereby their joint holding increased from 66% to 90%, while the shareholding of C got reduced from 33% to 10%. No notice of any Board Meeting was sent to C, who was sidelined and was also removed as a director. Aggrieved by the decision taken by his two brothers at his back, C seeks your advice for taking out appropriate proceedings before the Court or Judicial authority of competent jurisdiction. Also suggest the nature of reliefs he may claim while filing the case. 8
- (b) M/s. Eternal Health Ltd. was facing acute financial difficulty as operations were continuously disrupted due to (a) non-availability of raw material (b) successive drought in its marketing areas and loss of demand and (c) frequent breakdown due to non-replacement of old plant and machinery. On the verge of liquidation, the Management proposes one last ARRANGEMENT between creditors and the company, whereby the creditors have to forego 50% of their dues to the company. This has evoked strong protest from some of the creditors who may block the arrangement. You are requested to examine the arrangement in the light of the Companies Act, 1956 and advise the course of action/procedure to be adopted by the company to implement the same. 8

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5. (a) JKL Company Limited has gone into winding up. The winding up proceedings have already commenced but the winding up could not be completed within a period of two years. 8

Referring to the provisions of the Companies Act, 1956, answer the following :

- (i) As the Official Liquidator of the company what duties you are required to perform in relation to filing of petition.
 - (ii) What shall be your answer in case the company in question is a Government company ?
 - (iii) What consequences follow in case the Official Liquidator does not comply with the legal requirements in relation to the above ?
- (b) Referring to the provisions of the Banking Regulation Act, 1949, 8
examine the validity of the following :
- (i) Accounts and Balance Sheet along with auditor's report has been filed with Reserve Bank of India after nine months from the end of the period to which these relate.
 - (ii) Trinity Bank Limited acquired a building from ABC College in discharging a term loan advanced. The building had been mortgaged as security with the bank and the college had failed to repay the loan. The bank proposes to retain the building with it and let out on commercial basis to shops.

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6. (a) (i) A group of 8 individuals together with a producer institution approached the Registrar for incorporation of a producer company under Section 581 of the Companies Act, 1956. Can the Registrar go ahead with the registration and incorporation ? Discuss. 8
- (ii) Explain the provisions under the Companies Act, 1956 for amendment of Articles of Association of a producer company.
- (b) In what way does the Companies Act, 2013 restricts the non-cash transactions involving directors of a public limited company ? Explain. 8
7. Attempt any four :
- (a) (i) Mr. P has won a big lottery and wants to remit US Dollar 20,000 out of his winnings to his son who is in USA. Advise whether such remittance is possible under the Foreign Exchange Management Act, 1999. 4
- (ii) Mr. Z is unwell and would like to have a kidney transplant done in USA. He would like to know the formalities required and the amount that can be drawn as foreign exchange for the medical treatment abroad.
- (b) X a member of the Competition Commission of India was removed by the Central Government on the grounds that he had acquired financial interest likely to affect prejudicially his functions as a Member. X challenged his removal by the Central Government claiming that the Central Government had no authority to pass orders for removal. Clarify whether X's contention is right as per the provisions under the Competition Act, 2002. 4

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| (c) | Explaining the meaning of the terms 'Insider Trading' and 'Price Sensitive Information', state the manner in which the Companies Act, 2013 prohibits the above. | 4 |
| (d) | Referring to the provisions of the Securitisation & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 state the circumstances under which the Reserve Bank of India may cancel the certificate of registration granted to a Securitisation Company. | 4 |
| (e) | X Inc is a company registered in UK and carrying on Trading Activity, with Principal Place of Business in Chennai. Since the company did not obtain registration or make arrangement to file Return, the State VAT Officer having jurisdiction, intends to serve show cause notice on the Foreign Company. As Standing Counsel for the Department, advise the VAT Officer on valid service of Notice. | 4 |
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