

(2)

GJR2

Part – II

1. (a) 1,00,000 Equity shares of ₹ 100 each were issued at a premium of ₹ 2 per share by PQR Limited after offer for the same was received from the shareholders in terms of the prospectus issued by the Company on 1<sup>st</sup> April, 2022. The prospectus specified that the amount received from the issue will be exclusively used for manufacturing and distributing some life-saving drugs. In August 2024, the Company after proper market survey found that there is ample demand for Artificial Intelligence based software and therefore decided to go forward for development of such type of software. They also wanted to divert a small amount for investment in the equity shares of a large successful company. Since there was surplus money from the above issue of equity shares, the Board of Directors passed two resolutions for the above purpose; the first for investing ₹ 60,00,000 for development of Artificial Intelligence based software and the second for investing ₹ 5,00,000 in the Equity Shares in X Limited, which is a listed company.

In order to avoid any unwarranted situation from the shareholders, the Directors called for an extra ordinary general meeting in which votes cast in favour of the proposal was in excess of the votes cast against it. Some shareholders objected to the above action of the Board on the following grounds :

- (i) that the resolution passed in the extra-ordinary general meeting was not proper since the required majority did not approve the same;

GJR2

GJR2

(ii) that the prescribed details of the notice which was given to the shareholders should also have been published in newspapers (one in English and one in vernacular language) circulating in the city where the registered office of the Company is situated indicating clearly the justification for such variation in the use of the funds; and

(iii) that the resolution passed for investing ₹ 5,00,000 in the Equity Shares in X Limited is illegal.

Referring to the applicable provisions of the Companies Act, 2013, decide, whether the contentions of the shareholders are tenable.

(b) Sohan Lal was appointed as the statutory auditor of RST Ltd., a non-government company at the Annual General Meeting held on 30<sup>th</sup> September, 2023. He has resigned after two months as he wanted to discontinue the practice and surrendered his Certificate of Practice and joined a multinational company.

Explain how the new auditor will be appointed by RST Ltd. and the conditions to be complied with in this regard.

(c) Murari Lal, a person resident outside India, has invested in four residential immovable properties under construction in Kolkata. Each property is negotiated at ₹ 2 crore, with the companies owned by builders. This amount is to be paid in two instalments as 60% on immediate basis on booking and the balance on possession of the properties.

The above transaction is done by the companies owned by builders through two brokers from USA on commission basis. Mr. Murari Lal as per the terms and conditions remitted 60% of the amount of all four immovable properties directly to the company.

(4)

GJR2

Answer the following explaining the provisions of the FEMA, 1999 :

- (i) Whether investment by Mr. Murari Lal and payment of commission on this transaction is permissible ?
- (ii) How much maximum amount of commission can be paid to each broker without RBI approval ?

(Ignore the USD – Rupee Exchange Rate)

2. (a) Silk Segment Private Ltd. (SSPL) is a wholly owned subsidiary of Silk Block Ltd. (SBL) a listed public limited company. The Board of Directors of Silk Segment Private Ltd. have collectively decided upon the proposal to grant loans of ₹ 15,00,000 and ₹ 20,00,000 to Mr. Sohan and Ms. Subarna respectively for the purchase of fully paid-up shares in Silk Segment Private Ltd.
- SBL*  
*SSPL*
- 3 + 2 = 5*  
*50*  
*82*  
*100*

Mr. Sohan is the Deputy Marketing Manager of Silk Segment Private Ltd. with a monthly salary of ₹ 1,00,000; whereas Ms. Subarna, a qualified Chartered Accountant, is the Chief Financial Officer of Silk Segment Private Ltd. with a monthly salary of ₹ 2,00,000.

In view of provisions of the Companies Act, 2013, decide :

- (i) Whether the proposed loans to Mr. Sohan as well as Ms. Subarna can be disbursed by the company keeping in view that Silk Segment is a private limited company ?
- (ii) Whether the answer would be different in case only 25% shares of SSPL are held by SBL ?

GJR2

- (b) The following are the extracts from the financial statements of BUI Private Limited, which is neither a start-up nor it is an associate or subsidiary company of any other company.

Particulars	Amount ₹
Authorised Capital: 10,00,000 Equity Shares of ₹ 100 each	10,00,00,000
Paid-up Share Capital: 8,00,000 Equity Shares of ₹ 100 each	8,00,00,000
Securities Premium Reserve Account	2,00,00,000
General Reserves	5,00,00,000
Term Loan from LMR Bank Limited	12,00,00,000
Cash Credit Loan (For Working Capital)	5,00,00,000

The Company has never failed to file the Annual Return and Financial Statements with the Registrar. The Company has already successfully repaid all the monies which were accepted earlier in the form of deposits along with due interest. Since the Company was successful in implementation of its housing project by utilizing the money accepted in the form of deposits, the Board was interested to accepting deposits once more and take up another housing project in NOIDA since the members of the Company were having sufficient surplus money which they wanted to invest in the Company to start the project. However, their condition was that the same will be provided by them if the Company accepts them in the form of deposits and the applicable provisions of the Companies Act, 2013 and Rules made thereunder are strictly complied with. But, the Board of Directors of BUI Private Limited were not in support of depositing any amount in any Deposit Repayment Reserve Account for the purpose of repayment of the said deposits, since the repayment was to be made out of the amount received from the customers who were going to book for the flats in the housing project. Two proposals came for review to the Board, out of which only one proposal was to be selected. The Board wanted you to advise them in choosing the appropriate deposit scheme.

GJR2

Proposal 1 – Acceptance of Deposits of ₹ 20,00,00,000, to be repaid with interest @ 7% per annum;

Proposal 2 – Acceptance of Deposits of ₹ 14,00,00,000, to be repaid with interest @ 8% per annum;

Referring to the applicable provisions of the Companies Act, 2013, the Rules made thereunder and the notifications issued in this respect, advise the Board stating the justification in support of your advice.

(c) State what do you understand by the term ‘document’ as per the General Clauses Act, 1897 ? Discuss which of the following will be treated as a document :

4

(i) Power of Attorney

(ii) Cheque

(a) UINA Infra Projects Private Limited was incorporated on 1<sup>st</sup> June, 2022. Mr. X had already registered the trade name of “UINA Infra projects” on 1<sup>st</sup> April, 2018 under the Trade Marks Act, 1999. Mr. X was suffering from a pro-longed disease since 1<sup>st</sup> April, 2021. When Mr. X recovered from illness on 20<sup>th</sup> May, 2024 and joined his own office on 5<sup>th</sup> July, 2024, he came to know from his staff members that a company has been incorporated with the name UINA Infra Projects Private Limited. He lodged a complaint with the Regional Director on 10<sup>th</sup> July, 2024 requesting him to order the Company to change its name. The Regional Director examined the application of Mr. X and on 11<sup>th</sup> July, 2024, issued a direction to UINA Infra Projects Private Limited to change its name. Mr. D, a director of UINA Infra Projects Private Limited contended that the above direction of the Regional Director was bad in law and therefore not proper on the following grounds :

5

GJR2

- A. That the name of the Company is not too identical with or too nearly resembles to the name of any other company; and
- B. That the stipulated time period of two years of making any complaint with respect to the name in the above ground was already over on 31<sup>st</sup> May, 2024.

Referring to the applicable provisions of the Companies Act, 2013, decide, whether the contention of Mr. D is tenable.

Also advise UINA Infra Projects Private Limited the time period within which the Company will be required to change its name in case the direction of the Regional Director was valid.

- (b) (i) Members of World One Limited, holding more than 2% of the total voting power wants the company to give a special notice to move a resolution for appointment of an auditor other than retiring auditor. Explain whether members can do so as per the provisions of the Companies Act, 2013. 3
- (ii) If a member of a listed company who has casted his vote through electronic voting, can attend general meeting of the company and change his vote subsequently ? 2
- (c) Explain the Latin term "Absoluta sententia expositore non indiget" and how would the same help in correctly interpreting a definition given in a legislation or statute ? 4

## GJR2

4. (a) Based on the applicable provisions of the Companies Act, 2013, define the term "foreign company" and identify which among the following companies can be categorized as a foreign company :

Sl. No.	Place of Incorporation	Registered	Additional information
1	Singapore	Singapore	Developed patient's database for a hospital in Mumbai, India, server in Singapore.
2	UAE	UAE	No place of business in India but employs agents in India
3	Cape Town	Cape Town	Board Meeting held in Leh, India.
4	Germany	Germany	49% of the shares held by an Indian company.

- (b) NS & Associates LLP was formed in the year 2020 and it was engaged in the business of manufacturing of plastic parts for automobiles. It constituted of Mr. Naveen and Mr. Suresh as designated partners who were responsible for obtaining contracts from various automobile manufacturers across the country for supply of spare parts for vehicles. In the year 2021 an investigation was ordered by the Tribunal against the LLP in connection with a financial fraud worth ₹ 50,25,000. Mr. J one the Accounts Manager and employee of the LLP was accused by the complainant, as one of the perpetrators to the fraud.

3 + 2  
= 5

(9)

GJR2

The Tribunal levied a penalty of ₹ 1,25,000 to be paid by Mr. J on his conviction. Mr. J approached the Tribunal and provided vital information about the other black sheep involved in the fraud thus aiding in the investigation process. The Tribunal is considering of providing some relief in the penal action taken against him, while the LLP is planning to suspend Mr. J from service for this act.

Considering the provisions of Limited Liability Partnership Act, 2008 :

- (i) Decide whether the Tribunal can waive off or reduce the penalty imposed by it on Mr. J ?
- (ii) Can the LLP suspend Mr. J from service for commission of the act, of revealing the name of the other accused involved in the fraud ?
- (c) What do you mean by the rule "*Ejusdem Generis*"? State any three situations when the Rule of "*Ejusdem Generis*" is not applied by the courts. 4
- (a) Quick Money Limited attracts the provisions of Section 135 of the Companies Act, 2013 and it has minimum average obligation to spend Corporate Social Responsibility (CSR) amount of ₹ 15 crores during each of the preceding five years. In this connection, the Board of Directors of the company needs your expert views on the following matters : 2 + 2  
+ 1 =  
5
- (i) What is the meaning of "impact assessment" ?
- (ii) Whether impact assessment is required to be taken by all the companies ?
- (iii) Who can conduct impact assessment ?

GJR2

P.T.O.

GJR2

- (b) State the circumstances under which the winding up of an LLP may be ordered by the Tribunal. 5
- (c) Define the term 'person' as per the General Clauses Act, 1897. Discuss which of the following will be treated as a person : 4
- (i) An idol
  - (ii) A public body
  - (iii) A company

6. (a) Top Spinners Foundation is a company registered under section 8 of the Companies Act, 2013 with a view to promote young and talented people towards becoming of world class cricketers. The foundation selects young boys and girls from different part of the country via talent hunt competitions and other references from its members, thereby giving them proper training with residential facilities at the designated clubs opened for the purpose. The Foundation had been incorporated as a charitable institution in 2016. Currently it is having 1200 members. The Annual General meeting of the company is usually held at the club cum registered office of the company at Jaipur. 2 + 2  
+ 1 =  
5

The members in one of the general meetings have strongly suggested that the next Annual general meeting of the company be held at a hotel in near vicinity of the Registered office at Jaipur instead of the Club as the same has a congested sitting area.

GJR2

It was also decided by the foundation itself that a 15 days' notice prior to the Annual General Meeting be given with facility of only physical voting and no E-Voting to be provided to the members.

Referring to the relevant rules and provisions of the Companies Act, 2013 decide on the following :

- (i) Whether it is compelling upon the board to consider the directions regarding shift of the venue for the meeting ?
- (ii) Whether a 15 days' prior notice is valid and as per the law ?
- (iii) Whether the decision to provide the facility of only physical voting and not E-Voting valid ?

OR

- (a) Srinivas Iron and Steel Ltd. is a public sector listed company engaged in the manufacture of high-end steel sheets to be supplied to various other entities country-wide. M/S CVB & Associates, Chartered Accountants, had been appointed as the statutory auditors of the company for the term F.Y. 2023-24. Later in the year a financial fraud has come to the fore, not reported by the current auditors in their report, leading to dissatisfaction amongst a group of learned members of the company.
- $2 + 2$   
 $+ 1 =$   
 $5$

The Next Annual General Meeting is scheduled on 28.09.2024. The members comprising of Mr. H, Mr. J, Mr. K holding paid up share capital ₹ 1,50,000; ₹ 1,00,000; ₹ 2,50,000 respectively have collectively decided to send a special notice to the company regarding passing of the resolution at the next Annual General Meeting for appointment of an auditor other than M/S CVB & Associates as the auditor for the next term.

GJR2

P.T.O.

(12)

GJR2

Referring to the provisions of Companies Act, 2013 elaborate :

- (i) Whether the above members can validly issue such Special Notice to the company ?
  - (ii) What will be the last date for issue of such Special Notice by the members to the company ?
  - (iii) Whether the company would have to communicate about the above Special Notice to other members after receiving the same ?
- (b) Manish, a shareholder of a company has not claimed his dividends from the company for the last 10 years due to different reasons. He wants to know whether he will be able to recover the dividends declared by the company for all these years. Explain to him, the relevant legal provisions. 5
- (c) Referring to the provisions of the Foreign Exchange Management Act, 1999, state the meaning of the term "current account transaction". 4
-

GJR1

Part – I

**Case Scenario – I :**

Aces High Builders Ltd. (AHBL) is Dehradun based public limited construction company engaged in the business of developing high-end flats and villas across prime locations in Uttarakhand, India. The company had procured land in the hills of Mussoorie in the year 2019. Since then, it has been engaged in the development of the above site thereby building a set of 12 villas and 75 flats. The builders have also tied-up with one of the U.S. based commission agent Mr. Cooper who would be promoting the above property amongst Non-Residents who would like to own their private accommodation in the above location. Mr. Cooper has successfully sealed a deal with a non-resident based in Las Vegas, U.S.A. for the purchase of one of the villas costing USD 600,000, for which he is to be paid a suitable commission on the above remitted amount.

The last year landslides and other geographical disruptions in the region during monsoon season has compelled the builders to obtain expert consultancy regarding shaping and curing of the land in and around the constructed site including designing the roads; power facilities in the region and other infrastructural backup so that the area can be made safe for living all around the year. Accurate Consultants Ltd. an U.S.A. based consultancy services company has been hired to provide such services. Negotiations are being carried regarding the consultancy fees to be charged by them.

AHBL has lately started another unit engaged in the manufacturing and export of mortar mixing machines. During the current year it has received a sale order for two such machines from Italy. The machines have been packed in containers and shipped via sea to the Italian customers. Such containers have reached the Italian port. The Detention charges to be paid by the sellers are well above the rate as prescribed by Director General of Shipping.

GJR1

GJR1

The company has also explored areas near Rishikesh for developing of farm houses. At the initial stage, it has selected a piece of land at the outskirts of the city for the above purpose. Since the development requires huge investments, it has issued advertisements regarding the same in electronic media which has a worldwide coverage. Mr. Tony, a man of Indian origin, having migrated to U.S.A. in 1977 and he is much influenced by the above advertisement and has contacted the company with an offer to invest USD 260,000 in the same with the condition that 50% of the payment shall be made by him immediately and the rest shall be paid only after the keys to the fully developed farm house has been handed over to him. The company has agreed to his terms and is currently inviting suggestions from its legal team regarding the various nuances and feasibility of the same.

Based upon the above case scenario, you are required to opt the correct answer w.r.t. the following questions (Q. No. 1 to Q. No. 3) in light of the applicable provisions of the FEMA, 1999 :

1. Considering the provisions of FEMA, 1999 decide upon the maximum amount of commission that can be paid to Mr. Cooper as well as Consultancy charges to Accurate Consultants Ltd. for which approval of RBI would not be required under the above act.  
(A) USD 25000 and USD 1,000,000 respectively  
(B) USD 30000 and USD 10,000,000 respectively  
(C) USD 10000 and USD 1,00,000 respectively  
(D) USD 15000 and USD 10000 respectively
2. Considering the provisions of FEMA, 1999 decide upon the process of releasing the containers from Italian ports by the Indian company.  
(A) AHBL shall have to obtain prior permission of both Ministry of Surface Transport as well as Ministry of Finance, Department of Economic Affairs as the transaction involves payment of foreign exchange as detention charges.

GJR1

(5)

GJR1

- (B) AHBL shall have to obtain prior permission of Ministry of Surface Transport (DG Shipping) for payment of the detention charges as it exceeds the rates as prescribed by Director General of Shipping.
- (C) AHBL shall have to obtain prior permission of Ministry of Finance, Department of Economic Affairs for payment of the detention charges as it exceeds the rates as prescribed by Director General of Shipping.
- (D) AHBL need not obtain permission from any government authorities in India as now the ship is at the Italian ports away from Indian Jurisdiction.

3. Considering the provisions of the FEMA, 1999 the possible suggestion that can be given by the legal team regarding investment of USD 260,000 by Mr. Tony in the Rishikesh farmhouse project. 2

- (A) Mr. Tony can very well invest but only up to USD 250,000 towards the farmhouse as being a person of Indian origin he is allowed to buy land in India.
- (B) Mr. Tony can very well invest USD 260,000 towards the farmhouse as being a person of Indian origin he is allowed to buy land in India.
- (C) Mr. Tony cannot invest USD 260,000 towards the farmhouse as being a non-resident.
- (D) Mr. Tony cannot invest USD 260,000 in instalments of 50%, but only after paying the full one-time amount.

4. The General Clauses Act, 1897 is applicable to : 2

- (A) whole of India excluding the Union Territory of Jammu and Kashmir.
- (B) whole of India including the Union Territory of Jammu and Kashmir.
- (C) the act does not define any "territorial extent" clause.
- (D) whole of India excluding the National Capital Region and other Union Territories.

GJR1



(6)

GJR1

5. Where after a partner's death the business is continued in the same Limited Liability Partnership name, the continued use of that name or of the deceased partner's name as a part thereof :

2

- (A) shall make his estate liable for any act of the limited liability partnership done after his death.
- (B) shall make his legal representative liable for any act of the limited liability partnership done after his death.
- (C) shall make his legal representative or his estate liable for any act of the limited liability partnership done after his death.
- (D) shall not by itself make his legal representative or his estate liable for any act of the limited liability partnership done after his death.

**Case Scenario – II :**

JK Logistics Ltd., is one of the leading companies in the logistics industry. Five years ago, 75% equity shares of JK Logistics Ltd., were acquired by RK Logistics Ltd. RK Logistics Ltd., has a presence in Haryana, Punjab and Rajasthan and is mainly into transporting of agricultural produce. As timely transportation of agricultural produce is of strategically importance, the state governments of the above three states holds stake in RK Logistics Ltd. The State Government's current stakes are as follows :

State of Haryana : 19%

State of Rajasthan : 20%

State of Punjab : 18%

GJR1

(7)

GJR1

On 29<sup>th</sup> September, 2023, just after the conclusion of the AGM, Mr. Rohan, the auditor of JK Logistics Ltd., suffered a stroke and in order to reduce work load, resigned as the auditor of the company but unfortunately, he forgot to inform the concerned authorities about his resignation. It is important to note that auditor's (i.e. Mr. Rohan) annual remuneration was ₹ 5 lakhs.

The company on the other hand, appointed AG & Associates as their auditors after completing all the statutory formalities. Mr. Avinash, who is one of the partners of the audit firm, had borrowed a sum of ₹ 3.5 lakhs from JK Logistics Ltd. and has dues of ₹ 1.49 lakhs towards use of logistic services of the company. Both the sum borrowed and the cost of services taken are not yet paid by Mr. Avinash. Mr. Avinash is not signing the financials of JK Logistics Ltd.

Based on the facts given in above case scenario and by applying the relevant provisions of the Companies Act, 2013 and Rules therein, choose the correct answer of the following questions: (Q. No. 6 to Q. No. 8)

6. To whom should have Mr. Rohan informed about his resignation ? What could be the possible consequence for his non-compliance ? 2

(A) He should have informed the registrar. As a consequence of his failure, he is liable to a penalty not exceeding ₹ 50,000.

(B) He should have informed the registrar and JK Logistics Ltd. As a consequence of his failure, he is liable to a penalty not exceeding ₹ 5 lakhs.

GJR1



(C) He should have informed JK Logistics Ltd. as well as the registrar and C&AG. As a consequence of his failure, he is liable to a penalty not exceeding ₹ 5 lakhs.

(D) He should have informed JK Logistics Ltd. as well as the registrar and C&AG. As a consequence of his failure, he is liable to a penalty not exceeding ₹ 50,000.

7. Based on the shareholding pattern of JK Logistics Ltd. and RK Logistics Ltd., select the correct answer as to the classification of these companies :

(A) RK Logistics Ltd. is a non-government company while JK Logistics Ltd. is a government company.

(B) RK Logistics Ltd. is a government company while JK Logistics Ltd. is a non-government company.

(C) RK Logistics Ltd. and JK Logistics Ltd. both are government companies.

(D) RK Logistics Ltd. and JK Logistics Ltd. both are non-government companies.

8. With respect to the Act carried out by Mr. Avinash, the partner of the new audit firm, what can you infer about the appointment of AG & Associates, as auditors of JK Logistics Ltd.?

(A) It is not valid since the in-debtness exceeds the prescribed limit of ₹ 1 lakh.

(B) It is valid since the in-debtness is within the prescribed limit.

(C) It is valid since Mr. Avinash is not signing the financials of JK Logistics Ltd.

(D) It is valid since the in-debtness is not with JK Logistics Ltd.

GJR1

**Case Scenario – III :**

The notice for conducting the annual general meeting of XYZ Limited was sent on 3<sup>rd</sup> August, 2024 to all the stakeholders, who were eligible to receive the notice. The said notice specified that the Annual General Meeting (AGM) will be held on 5<sup>th</sup> September, 2024. But, due to want of quorum, said AGM was adjourned to 12<sup>th</sup> September 2024. In the said meeting held on the 12<sup>th</sup> September, 2024, the financial statements of the Company could not be adopted due to some unavoidable circumstances. Since the financial statements of the Company could not be adopted in the above meeting, the directors did not file the financial statements relating to financial year 2023-2024 with the Registrar on the plea that the financial statements of the Company were not adopted in a general meeting and therefore there is no necessity to file any financial statement with the Registrar till the same are not adopted. On 2<sup>nd</sup> December, 2024, an extra-ordinary general meeting was conducted, in which the financial statements of the Company were adopted. Since the Company Secretary was on a business tour and was absent from India from 10<sup>th</sup> December, 2024 to 2<sup>nd</sup> January, 2025, the adopted financial statements were filed with the Registrar only on 3<sup>rd</sup> January, 2025.

Based on the facts given in above case scenario and referring to the applicable provisions of the Companies Act, 2013 and Rules therein, choose the correct answer of the following questions: (Q. No. 9 to Q. No. 12)

9. In the above case scenario, in case XYZ Limited could not convene the annual general meeting till 2<sup>nd</sup> December, 2024 and the meeting held on that date was the annual general meeting, what will be the obligation of the Company with regard to filing of the financial statements with the Registrar, before conducting the said meeting ?

(A) Since the annual general meeting was not held, XYZ Limited was not required to file any financial statement with the Registrar, but the statement of facts and reasons for not holding the annual general meeting should have been filed with the Registrar within thirty days of the last date before which the annual general meeting should have been held.

(B) Since the annual general meeting was not held, XYZ Limited was not required to file any financial statement with the Registrar.

(10)

GJR1

(C) Even the annual general meeting was not held, XYZ Limited was required to file the financial statements only with the Registrar within thirty days of the last date before which the annual general meeting should have been held.

(D) Even the annual general meeting was not held, XYZ Limited was required to file the financial statements along with the statement of facts and reasons for not holding the annual general meeting should have been filed with the Registrar within thirty days of the last date before which the annual general meeting should have been held.

10. What is the course of action that XYZ Limited should take for filing of the financial statements with the Registrar with respect to the annual general meeting which could not be held on 5<sup>th</sup> September, 2024 ?

2

(A) XYZ Limited should inform the Registrar the fact that the AGM could not be held for want of quorum, but the un-adopted financial statements will be filed with the Registrar within a period of 30 days from 5<sup>th</sup> September, 2024.

(B) XYZ Limited should inform the Registrar the fact that the AGM could not be held for want of quorum and therefore the financial statements will be filed with the Registrar only when they are adopted in a general meeting.

(C) There is no obligation on the part of XYZ Limited to inform the fact to the Registrar that the AGM could not be held for want of quorum, but the un-adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 5<sup>th</sup> September, 2024.

GJR1

(11)

GJR1

(D) There is no obligation on the part of XYZ Limited to inform the Registrar the fact that the AGM could not be held for want of quorum. Also, the un-adopted financial statements will not be required to be filed with the Registrar in this situation.

11. What is the course of action that XYZ Limited should take for filing of the financial statements with the Registrar with respect to the adjourned annual general meeting held on 12<sup>th</sup> September, 2024 ?

2

(A) XYZ Limited is not required to inform the Registrar the fact that the AGM was held on 12<sup>th</sup> September, 2024 and since the financial statements were not adopted, the financial statements will also not be required to be filed with the Registrar.

(B) XYZ Limited should inform the Registrar the fact that the AGM was held on 12<sup>th</sup> September, 2024 and since the financial statements were not adopted, the financial statements will not be required to be filed with the Registrar.

(C) There is no obligation on the part of XYZ Limited to inform the Registrar the fact that the AGM was held on 12<sup>th</sup> September, 2024, but the un-adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 12<sup>th</sup> September, 2024, which will be considered by the Registrar as the provisional financial statements.

(D) There is no obligation on the part of XYZ Limited to inform the Registrar the fact that the AGM was held on 12<sup>th</sup> September, 2024, but the un-adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 12<sup>th</sup> September, 2024, which will be considered by the Registrar as the financial statements.

GJR1



(12)

GJR1

12. What is the course of action that XYZ Limited should take for filing of the financial statements with the Registrar with respect to the extra ordinary general meeting held on 2<sup>nd</sup> December, 2024 ?

2

- (A) XYZ Limited is not required to inform the Registrar the fact that the financial statements were not adopted in the adjourned AGM held on 12<sup>th</sup> September, 2024; but the adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 2<sup>nd</sup> December, 2024, which will be treated as the financial statements of XYZ Limited for the financial year 2023-2024 and the previously filed un-adopted financial statements, if any, will be treated as provisional financial statements.
- (B) XYZ Limited should inform the Registrar the fact that the financial statements were not adopted in the adjourned AGM held on 12<sup>th</sup> September, 2024 and the adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 2<sup>nd</sup> December, 2024, which will be treated as the financial statements of XYZ Limited for the financial year 2023-2024.
- (C) XYZ Limited is not required to inform the Registrar the fact that the financial statements were not adopted in the adjourned AGM held on 12<sup>th</sup> September, 2024; but the adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 2<sup>nd</sup> December, 2024, and the previously filed un-adopted financial statements if any, will be returned back to the Company.
- (D) XYZ Limited is not required to inform the Registrar the fact that the financial statements were not adopted in the adjourned AGM held on 12<sup>th</sup> September, 2024; but the adopted financial statements will be required to be filed with the Registrar within a period of 30 days from 2<sup>nd</sup> December, 2024, which will be treated as the financial statements of XYZ Limited for the financial year 2023-2024 and the previously filed un-adopted financial statements, if any, will be considered as if no financial statements were filed earlier.

GJR1

**Case Scenario – IV :**

Natrajan Cleaners Limited (NCL), a corporate unlisted company, is a contract manufacturing company incorporated in 2017 with a primary objective of manufacturing a full range of residential, commercial and portable washing machine for established brands in India and other neighbouring countries. NCL is a family-owned company having its registered office in Bangalore. The company has its marketing office in all the major cities including port cities. All the members, as was the usual practice, were kept informed from time to time regarding all the important matters and issues relating to the company without fail by the CFO cum Company Secretary Nirad.

Years passed. Size of the business and share capital of NCL substantially increased. NCL plans to go for expansion in its capacity, keeping in mind export market, which required about ₹ 25 crores. NCL started looking for various options for financing. One of the options considered was offer or invitation for subscription of equity through private placement. The Board identified a select group of 50 persons and issued private placement offer and applications after passing a special resolution at a general meeting and also after duly following the required procedure under the applicable corporate laws. Monies received on application were kept in a separate bank account with Canara Bank. However, for some reasons NCL could not allot the equity shares within a period of 60 days from the date of receipt of the application money. The private placement plan was effectively cancelled, duly following the required procedure. NCL later opted for bank loans to finance the expansion.

NCL is authorized by its articles of association to accept whole or any part of the amount of remaining unpaid calls from any member, although till date, no part of that amount has been called up. Yogesh, one of the shareholders deposited in advance the remaining amount due on his shares without any calls made by NCL.

GJR1

NCL declared dividend during the year after such advance money was paid by Yogesh. Yogesh wanted to exercise his voting rights also in respect of call money paid in advance at the general meeting.

Bhisma Cleanser Private Limited (BCPL) has been holding 5% equity in NCL, since February 2018. During the month of February 2022, NCL invested in 70% equity shares of BCPL.

Based on the facts given in above case scenario and referring to the applicable provisions of the Companies Act, 2013 and Rules therein, choose the correct answer of the following questions: (Q. No. 13 to Q. No. 15).

13. The Board of Directors of NCL wants to understand from Nirad the implications of 5% holding of BCPL. 2
- (A) BCPL shall transfer its 5% equity holding to any nominees of NCL before it becomes the subsidiary of NCL.
  - (B) BCPL shall surrender its 5% equity holding to NCL immediately once it becomes the subsidiary of NCL.
  - (C) BCPL shall immediately transfer its 5% equity holding to any other legal person or entity before investment by NCL.
  - (D) BCPL may continue to hold 5% equity holding in NCL.
14. Yogesh, one of the shareholders deposits in advance the remaining amount due on his shares without any calls made by NCL. NCL declared dividend during the year. 2
- (A) Yogesh is entitled to proportionate dividend in respect of call money paid in advance, if authorized by a Board Resolution.
  - (B) Yogesh is not entitled to any dividend in respect of call money paid in advance.

(15)

GJR1

- (C) Yogesh is entitled to proportionate dividend in respect of call money paid in advance, if authorized by an Ordinary Resolution in a general meeting.
- (D) Yogesh is entitled to proportionate dividend in respect of call money paid in advance, if authorized by Articles of Association.
15. With reference to the Board identified select group of 50 persons and issued private placement offer and applications duly following the required procedure under the corporate laws.
- (A) A release of public advertisement in any local newspaper and one national newspaper informing private placement is sufficient.
- (B) Public at large is to be informed about such an issue through release of public advertisement through utilizing any media, marketing, distribution channels or agents.
- (C) No company issuing securities under private placement shall release any public advertisements or utilize any media, marketing or distribution channels or agents to inform the public at large about such an issue.
- (D) Informing the public at large through advertisement or otherwise is optional and the Board of Directors by passing a Board Resolution may decide the matter.

2