



CA INTERMEDIATE

SUBJECT- LAW

Test Code – CIM 8434

(Date :)

(Marks - 50)

TOPICS : Company Law (Preliminary, Incorporation of Company and Matters Incidental Thereto, Prospectus and Allotment of Securities, Share Capital and Debentures, Acceptance of Deposits by Companies, Registration of Charges)

QUESTION NO.1

1. A charge was created by Cygnus Softwares Limited on its office premises to secure a term loan of Rs. 1.00 crore availed from Next_Gen Commercial Bank Limited through an instrument of charge executed by both the parties on 16th February, 2019. Inadvertently, the company could not get the charge registered with the concerned Registrar of Companies (ROC) within the first statutory period permitted by law and the default was made known to it by the lending banker with a stern warning to take immediate steps for rectification. Advise the company regarding the latest date within which it must register the charge with the ROC so that it is not required to pay a specific type of fees for charge registration. **(2 M)**
 - (a) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 27th April, 2019.
 - (b) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 17th April, 2019.
 - (c) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 2nd May, 2019.
 - (d) The company cannot now get the charge register as the time prescribed by Law has expired.

2. Delight Sports Garments Limited is contemplating to raise funds through issue of prospectus in which, according to the directors, a sum of Rs. 50 crores should be stated as the minimum amount that needs to be subscribed by the prospective subscribers. The funds shall be raised in four instalments consisting of application, allotment, first call and second & final call. Advise the company by which instalment it should receive the minimum subscription stated in the prospectus **(2 M)**
 - (a) Along with amount subscribed as application money.
 - (b) Along with amount subscribed as final call money.
 - (c) Along with amount subscribed as first call money.
 - (d) Along with amount subscribed as second and final call money.

3. Sumitra Healthcare and Hospitality Limited had issued 9% non-convertible debentures which matured four years back. However, 1000 such debentures of Rs. 100 each are still remaining unclaimed and unpaid even after the maturity. State the period after which the company needs to transfer them to Investor Education and Protection Fund (IEPF) if they remain unclaimed and unpaid. **(2 M)**

- (a) After the expiry of five years from the maturity date.
 - (b) After the expiry of six years from the maturity date
 - (c) After the expiry of seven years from the maturity date
 - (d) After the expiry of eight years from the maturity date.
4. Rajesh has formed a 'One Person Company (OPC)' with his wife Roopali as nominee. For the last two years his wife Roopali is suffering from terminal illness and due to this hard fact he wants to change her as nominee. He has a trusted and experienced friend Ramnivas who could be made nominee or his (Rajesh) son Rakshak who is of seventeen years of age. Whom should he nominate as nominee in place of his wife?
- (1 M)**
- (a) Since blood relation can only be appointed as nominee in case of OPC, Rajesh needs to appoint his son Rakshak.
 - (b) Rajesh can appoint his friend Ramnivas as nominee in his OPC
 - (c) Roopali is not agreeable to the proposal of Rajesh and hence, Rajesh cannot change her as the nominee
 - (d) Either Rakshak or Mr. Ramnivas can be appointed as nominee
5. Every company shall pay a penal rate of interest ____ for the overdue period in case of deposits, both secured and unsecured, matured and claimed but remaining unpaid.
- (1 M)**
- (a) 9% p.a.
 - (b) 10% p.a.
 - (c) 12% p.a.
 - (d) 18% p.a.
6. If a company have authorised share capital of Rs. 6,00,000; paid up share capital of Rs. 500000, and a Loan from government of Rs.2,00,000. Government ordered the company to convert its loan into shares. In this case; such order has the effect of increasing –
- (1 M)**
- (a) the subscribed share capital of the company
 - (b) the paid up share capital of the company
 - (c) the authorised share capital of the company
 - (d) all of the above
7. AOA of a private company says that Preference shareholders will have right to vote only if last 3 years dividend is not paid. This is:
- (1 M)**
- (a) Void as it is against the companies act
 - (b) Valid because section 47 is applicable to a private company subject to AOA.
 - (c) Void because as per section 6 act is superior
 - (d) Valid because companies act allows voting power to preference shareholders if there dividend is not paid for last 3 years

QUESTION NO.2

- A. What are the powers of Registrar to make entries of satisfaction and release of charges in the absence of any intimation from the company. Discuss this matter in the light of provisions of the Companies Act, 2013. **(5 MARKS)**
- B. MNO a One Person company (OPC) was incorporated during the year 2015 -16 with an authorised capital of Rs. 45 lakhs (4.5 lakhs shares of Rs. 10 each). The capital was fully subscribed and paid up. Turnover of the company during 2015-16 and 2016-17 was Rs. 2 crores and Rs. 2.5 crores respectively. Promoter of the company seeks your advice in the following circumstances, whether MNO (OPC) can convert into any other kind of company during 2017-18. Please, advise with reference to relevant provisions of the Companies Act, 2013 in the below mentioned circumstances: **(5 MARKS)**
- (i) If promoter increases the paid up capital of the company by Rs. 10 lakhs during 2017-18
 - (ii) If turnover of the company during 2017-18 was Rs. 3 crores

QUESTION NO.3

- A. S Ltd. is a company in which H Ltd. is holding 60% of its paid up share capital. One of the shareholder of H Ltd. made a charitable trust and donated his 10% shares in H Ltd. and Rs.50 crores to the trust. He appoints S Ltd. as the trustee. All the assets of the trust are held in the name of S Ltd. Can a subsidiary hold shares in its holding company in this way? **(5 MARKS)**
- B. Mr Nilesh has transferred 1000 shares of Perfect Ltd. to Ms. Mukta. The company has refused to register transfer of shares and does not even send a notice of refusal to Mr. Nilesh or Ms. Mukta respectively within the prescribed period. Discuss as per the provisions of the Companies Act, 2013, whether aggrieved party has any right(s) against the company for such refusal? **(5 MARKS)**

QUESTION NO.4

- A. City Bakers Limited failed to repay deposits of Rs. 50.00 crores and interest due thereon even after the extended time granted by the Tribunal. Is the company or Swati, its officer-in-default, liable to any penalty? Discuss in the light of 'deposit provisions' as contained in the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. **(5 MARKS)**
- B. An allottee of shares in a Company brought action against a Director in respect of false statements in prospectus. The director contended that the statements were prepared by the promoters and he has relied on them. Is the Director liable under the circumstances? Decide referring to the provisions of the Companies Act, 2013. **(5 MARKS)**

QUESTION NO.5

- A. Data Limited (listed on Stock Exchange) was incorporated on 1st October, 2018 with a paid-up share capital of Rs. 200 crores. Within this small time of 4 months it has earned huge profits and has topped the charts for its high employee friendly environment. The company wants to issue sweat equity to its employees. A friend of the CEO of the company has told him that they cannot issue sweat equity shares as 2

years have not elapsed since the time company has commenced its business. The CEO of the company has approached you to advise them about the essential conditions to fulfilled before the issue of sweat equity shares especially since their company is just a few months old.?

(5 MARKS)

- B. ABC Limited having a net worth of Rs. 120 crores wants to accept deposit from its members. The directors of the company have approached you to advise them as to what special care has to be taken while accepting such deposit from the members in case their company falls within the category of an 'eligible company'.

(5 MARKS)