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PART – II

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1. (a) MNO Limited has the following equity share capital –

Class-1 : Equity Share Capital – 3,00,000 equity shares of ₹ 10 each. (1 voting right for every 1 share)	₹ 30,00,000
Class-2 : Equity Share Capital – 50,000 equity shares of ₹ 10 each. (1 voting right for every 5 shares)	₹ 5,00,000

At the time of issue, the company had fulfilled all the conditions related to the issue of equity share capital.

The company wants to vary the voting rights of class 2 equity share capital - 1 voting right for every 5 shares to 1 voting right for every 10 shares.

The Company's Memorandum and Articles of Association have given the company the power to make the variation. The holders of 40,000 equity shares have given their consent in writing for this variation.

Out of dissenting shareholders, the holders of 4,500 equity shares want to apply to the Tribunal against the company's action.

Examine, with reference to the relevant provisions of the Companies Act, 2013 -

- (i) Whether a company can change the rights of its shareholders ?
- (ii) Whether the dissenting shareholders can apply to the Tribunal ?

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- (b) BBQ Ltd., with its registered office in Hyderabad, has two branch offices, one located in Delhi and the other in London. The accounting transactions of the branches are recorded and all books of account are maintained in the branches. The branch accountant of the Delhi branch sent monthly and the branch accountant of London sent quarterly summarized trial balance, profits and loss account and balance sheet to the Hyderabad office. One of the assistants of the audit team, Mr. Naveen, raised the issue that the branches of the company maintain its books and records at branches, so it defaults on not maintaining the proper books of account at the registered office. Mr. Naveen further objected to the fact that the London branch sent their summarised returns on a quarterly basis instead of a monthly basis. You are requested to analyse and decide the validity of both the objections of Mr. Naveen relating to the place of maintaining the books of account and sending summarised returns thereof to the registered office by the branch offices of the company referring to the provisions of the Companies Act, 2013.

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- (c) Mr. L was employed as a fashion designer in Elegant Textile Ltd., a public limited company in Gurugram, India during the financial year 2023-24. He had efficiently provided his services for 183 days during the above said period. On 01.04.2024 Mr. H. the Human Resource Manager of Jeff Fashion Ltd., Paris (a foreign country) offered him a better employment opportunity in such company.

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On 02.04.2024, Mr. L left India for taking up employment as a production controller at Jeff Fashion Ltd. in Paris. On 30.04.2024 he flew back to India for a 10 day family function in Manali, India.

In light of the provisions of the Foreign Exchange Management Act, 1999 elucidate: The residential status of Mr. L –

- (i) On his return for attending the family function on 30.04.2024.  
(ii) In case, instead of vacation, he joins an employment in an Indian company after arriving on 30.04.2024.

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2. (a) Referring to the provisions of the Companies Act, 2013, answer the following queries : 5
- (i) What is the type of resolution to be passed and maximum number of persons to whom an offer by private placement in a financial year be made ?
  - (ii) Explain the consequences of non-allotment of shares within the stipulated timeline.
  - (iii) In case the shares were allotted within the requisite allowed time, when can the company start utilizing the funds received by it from such private placement ?
- (b) (i) In the circumstance where Mr. M and Mr. P, joint shareholders of Primal Private Limited holding 500 equity shares, have conflicting views on one special business (related to proposed changes in the Articles of Association) at the extra-ordinary general meeting, Mr. M is endorsing the resolution, and Mr. P is dissenting. Determine the procedure for casting the vote in the event of such a situation, as per the guidelines outlined in the Companies Act, 2013. 3
- (ii) Okara Limited, a company, having a net worth of ₹ 110 crores and a turnover of ₹ 450 crores, wants to accept deposits from the public. Referring to the provisions of the Companies Act, 2013, decide, whether the above company can accept the deposits from the public. 2
- (c) (i) The Board of Directors of Cool Private Limited, through a resolution passed in the board meeting, granted authorization to Mr. Sharad, the CEO of the Company to appoint two employees for the procurement department. Subsequently, Mr. Sharad selected Mr. Suresh and Mr. Hemant for the positions. However, after one month, Mr. Sharad, noticing unsatisfactory performance and lack of honesty in their duties, issued dismissal orders for both employees, citing proper reasons. Mr. Suresh contested his dismissal in the court, arguing that the Board had only empowered Mr. Sharad for appointments and not for dismissals and hence the dismissal order is invalid. 2
- Assess the validity of Mr. Suresh's argument under the provisions of the General Clauses Act, 1897.

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- (ii) Mr. M issued a cheque of ₹ 3,00,000 dated 31.12.2023 at 10 a.m. to Mr. N as a consideration towards the medical services provided by the later. Mr. N presented the above cheque on 31.03.2024 during the banking business hours. The cheque was dishonoured taking the plea that it was not presented within the requisite time of 3 months as provided under Section 138 of the Negotiable Instruments Act 1881. 2

Referring to the provisions of the General Clauses Act, 1897 decide, whether the plea for dishonouring the cheque was valid.

3. (a) "A Bonus share is a distribution of capitalized undivided profit having an identity and value capable of being bought and sold." In reference to the above line elaborate the pre-requisites for issue of bonus shares as enlisted in the Companies Act, 2013. 5

- (b) Q L Ltd. is a public limited company incorporated in Surat, Gujarat with 1200 members. On 10.12.2023 a general meeting was convened in which 14 members were present in person. Mr. Mohan was acting as an authorized representative of two body corporates who are members of Q L Ltd. Shyam one of the important members was absent. The Chairman Mr. Rahi adjourned the meeting, taking plea of absence of Mr. Shyam, to same day and place next week. The members present at the meeting venue waiting to attend, opposed the decision submitting that the majority of them present now shall be unavailable next week. Referring to the provisions of Companies Act, 2013 elaborate : 5

- (i) Whether the requisite quorum to hold meeting as required in case of public limited companies is present in this case ?  
(ii) Whether Mr. Rahi could adjourn the meeting in the current scenario ?

- (c) What are the differences between interpretation and construction in the legal context, and how do these two concepts relate to each other as per Interpretation of Statute ? 4

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4. (a) Long Boots Ltd. a listed company is engaged in the manufacturing of shoes and related accessories. The Business is set on a recovery mode by the induction of the new production Manager Mr. A. The Board of Directors of the company has recommended the declaration of a dividend of ₹ 50 lakhs after a gap of eight years during which profits were inadequate to distribute the same. 5
- The dividend thus proposed is to be met partially out of the current year profit of ₹ 16 lakhs. Accumulated profits during the past eight years were ₹ 170 lakhs which is 25% of the total share capital of the company. Referring to the provisions of the Companies Act, 2013 decide, whether the conditions with regard to declaration of dividend in case of inadequate profit are met ? You are requested to support your answer with requisite calculations.
- (b) A dispute among the partners of Limited Liability Partnership (the LLP) jeopardized the stability of the business. Out of two partners, one due to a quarrel, left the LLP. The other partner alone continued the business of the LLP. You are being expert in law, is requested to explain the provisions governing the LLP being operated by a single partner and its winding up by the Tribunal as per the provisions of the Limited Liability Partnership Act, 2008. 5
- (c) Explain the term “Generalia specialibus non derogant”, in connection with Interpretation of Statutes. 4
5. (a) Stallworth Ltd. a listed company having a paid up share capital of ₹ 11 crores with a turnover of ₹ 100 crores had appointed an Audit Committee which recommended M/S ANC & Associates, a firm of Chartered Accountants having such qualifications and experience as is required for appointment as the auditor of the company. The next Annual General Meeting (the AGM) was due on 30.09.2023. The Board disagreed with the said recommendation of the committee and refer back to it for reconsideration. The Audit Committee was adamant on appointing the above firm of the chartered accountants. 5

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Discuss in the light of the Companies Act, 2013 :

- (i) The course of action for Board of Directors to resolve the above deadlock. What would be your answer, if above situation was that of filling the casual vacancy of auditors ?
- (ii) The steps to be taken by the Board of Directors for appointment of auditors in case there was no requirement of Audit Committee in the company ?
- (b) (i) Explain the protection available for the “whistleblowers” in the context of the Limited Liability Partnership Act, 2008. 3
- (ii) Describe the consequences of making a false statement in any return, statement or other document under Section 37 of the Limited Liability Partnership Act, 2008. 2
- (c) State the provisions of the General Clauses Act, 1897 relating to ‘gender and number’. 4
- 6. (a) LKJ Ltd. is a company having paid up share capital of ₹ 12.50 crores with total number of members being 3500. The board of directors have called a general meeting (the meeting) to be conducted on 06.05.2023 at 2.00 pm. On the date of the meeting the required quorum was not present within half an hour and hence was adjourned to the next week on 13.05.2023 on same day at same venue. In reference to the above scenario in light of the relevant provisions of the Companies Act, 2013 elucidate upon the following queries of the company : 5
- (i) What will be the fate of the meeting in case two members, in person, were present at the adjourned meeting held on 13.05.2023 ?
- (ii) In case, on 06.05.2023 a total of 16 members were present but the chairman owing to the unruly behaviour of some members during the meeting had adjourned the same to 13.05.2023 and at the adjourned meeting only 3 members, in person, are present. What will be the fate of such adjourned meeting ?
- (iii) In case, where such meeting was called by the requisitionists under Section 100 of the Act and at such meeting the quorum was not present, what will be the fate of such meeting ?

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- (a) The Income Tax Authority (the statutory body) has gathered some information and is of the view that there has been a manipulation of accounts of FGH Ltd. reflecting an incorrect financial position of the company. The statutory body intends to get the accounts reopened to reflect correct financial position of the company. In light of the Companies Act, 2013 elucidate – 5
- (i) the statutory provisions governing the issue of re-opening of accounts by the Income-Tax Authority.
  - (ii) the voluntary revision of financial statements or board's report by the directors.
  - (iii) For how many preceding financial years the board of directors may revise the financial statements ?
- (b) (i) Who will sign the audit report in case of a proprietorship concern or the firm of the auditors and how the qualification/s in the audit report will be dealt with by the auditor at the annual general meeting of the company as per the provisions of the Companies Act, 2013 ? 3
- (ii) Explain the provisions relating to expert's consent included in the prospectus to be issued in India by the companies incorporated outside India as per the provisions of the Companies Act, 2013. 2
- (c) Explain the rules relating to the remittances made by persons other than individuals requiring approval of RBI as provided in Schedule III to the Foreign Exchange Management (Current Account Transactions) Rules, 2000 issued under the Foreign Exchange Management Act, 1999 in respect of the following : 4
- (i) Commission to the agents abroad for sale of residential flats or commercial plots in India.
  - (ii) Remittances for consultancy services procured from outside India.
  - (iii) Remittances by way of reimbursement of pre-incorporation expenses.

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