

CS COMPANY LAW MOCK TEST PAPER BASED ON AMENDMENTS

Q1. Comment:

- i. Certain e-forms require pre-certification by a Chartered Accountant/Company Secretary
- ii. Certificate of Incorporation is a conclusive evidence that all registration formalities are complied with
- iii. Remedies available to minority shareholders against wrongful conduct of the majority
- iv. Internal audit is compulsory only for listed companies
- v. Cost audit is compulsory only for products in Regulated Sector

Q2.

- a. Mention the names of 10 secretarial standards 4Marks
- b. Mention the names of 4 – Non Statutory books 2Marks
- c. Explain the salient features of SS – 1 briefly 8Marks

OR

Mention the attachments to any two of the following e-form 8Marks

DIR – 12

AOC – 4

INC – 22

PAS – 3

- d. Mention four forms which are informatory in nature and also known as STP form 2Marks

Q3.

- a. MIs ABC Ltd. had power under its memorandum to sell its undertaking to another company having similar objects. The Articles of the company contained a provision by which directors were empowered to sell or otherwise deal with the property of the company. The Shareholders passed an ordinary resolution for the sale of its assets on certain terms and required the directors to carry out the sale. The Directors refused to comply with the wishes of the shareholders where upon it was contended on behalf of the shareholders that they were the principal and directors being their agents were bound to give effect to their decision. Based on the above facts, decide the following issues, having regard to the provisions of the Companies Act, 2013 and case laws.
 - I. Whether the contention of shareholders against the non-compliance of their wishes by the directors is tenable.
 - II. Can shareholders usurp the powers which by the articles are vested in the directors by passing a resolution in the general meeting? 6Marks

Ans: According to section 179(1), the Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:

Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:

Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.

The Companies Act, 2013 vide section 180 (1) lays down the powers of the Board of Directors of a company which can be exercised only with the consent of the company by a special resolution. Clause (a) of section 180(1) defines one such power as the power to sell, lease or otherwise dispose of the whole or substantially

the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.

Therefore, the sale of the undertaking of a company can be made by the Board of Directors only with the consent of the members of the company accorded vide a special resolution.

Even if the power is given to the Board by the memorandum and articles of the company, the sale of the undertaking must be approved by the shareholders by a special resolution.

Therefore, the correct procedure to be followed is for the Board to approve the sale of the undertaking clearly specifying the terms of such sale and then convene a general meeting of the members to have the proposal approved by a special resolution.

In the given case therefore, the procedure followed is completely incorrect. The shareholders cannot on their own make out a proposal of sale and pass an ordinary resolution to implement it through the directors.

Therefore, the contention of the shareholders is incorrect in the first place as it is not within their authority to approve a proposal independently of the Board of Directors. It is for the Board to approve a proposal of sale of the undertaking and then get the members to approve it by a special resolution.

Further, in exercising their powers the directors do not act as agent for the majority members or even all the members. The members therefore cannot by resolution passed by a majority or even unanimously supersede the powers of directors or instruct them how they shall exercise their powers.

- b. What do you mean by Role check functionality in the context of online filing of forms with MCA 4Marks
- c. Comment :
Advance salary to the wife of the director who is also an employee is proposed to be made on same terms and conditions as applicable to other officers and employees of the company 6Marks

Q4.

- a. Relative of a director is proposed to be appointed to an office or place of profit @ Rs.6 Lac per month. Advice 4Marks
- b. Can following be appointed as a director of a company
- i. Mr. X was sentenced to imprisonment by court for 8 years long time back and 9 years have passed from the expiry of sentence of imprisonment 2Marks
- ii. Mr.Y is to be appointed a director. 4 years back Mr. Y was convicted of not-complying with sec 188 2Marks
- c. Mr. X has been convicted by court on 1st Jan. Can the ground of disqualification be postponed and upto what time? 4Marks
- d. A director was absent for all board meeting during last 12 months. But he took permission from the board before hand. Is he required to vacate office? 4Marks

Q5.

- a. Can a holding company Loan to its subsidiary without complying with Sec 185? 4Marks
- b. A director of a private company wants to stand in the election for AGM but he is not ready to deposit to 1 Lac as mentioned in the Act. Advice 2Marks
- c. Interested directors want to vote at the board meeting of private company. Is he allowed to do so? 2Marks
- d. Certain videos cannot be decided by video conferencing. can directors be allowed in certain circumstances to discuss such matters by video conferencing 2Marks
- e. Agenda was not sent for notice of board meeting. is it compulsory to send the agenda 2Marks
- f. State six matters which cannot be discussed by resolution by circulation 4Marks

- Q6.**
- a. Explain the procedure for appointment of a Managing Director? **4Marks**
 - b. Explain the provision for laying down accounts at AGM? **4Marks**
 - c. What are the advantages of XBRL filing of accounts & is it mandatory? **8Marks**
- Q7.**
- a. Which companies are eligible to obtain the status of Dormant Company and also advise the procedure? **8Marks**
 - b. Can a private company give Loan to its part time directors and in what circumstances? **4Marks**
 - c. Can a private company accept Loan from (i) relatives of Directors (ii) Directors **4Marks**
- Q8.**
- a. Can dividend be paid out of Capital? **2Marks**
 - b. Mr. X could not be appointed as a director in AGM. Later Mr. X wants to be appointed as Additional Director at board meeting. Advice **4Marks**
 - c. Is notice required for adjourned shareholders meeting? **2Marks**
 - d. Explain the concept of Remote e-voting **4Marks**
 - e. Write a short note in Internal financial Control highlighting about its disclosure requirements **4Marks**
- Q9.**
- a. Explain the provisions relating to appeal if a person is not satisfied by order of adjudicating authority under Companies Act **4Marks**
 - b. Explain the provision relating to Non- Cash transaction with directors of a company? **4Marks**
 - c. Explain the provision for issue of depository receipts by company **4Marks**
 - d. Explain the provisions for filing of appeal in case the transfer of shares is refused in case of Public Company. **4Marks**