

PRIME ACADEMY
FINAL - 41ST SESSION - PROGRESS TEST
CORPORATE AND ALLIED LAWS

No of Pages: 3

Total Marks: 75
Time Allowed: 2 Hrs

PART - A

(25 Marks)

I. State whether the given statement is correct/incorrect along with reasons

1. At least one woman director shall be on the board.
2. No independent director shall hold office for more than two consecutive terms.
3. The remuneration payable to directors shall be decided by the Central government
4. The CSR Committee need not consists an independent director
5. An auditor can be removed before the expiry of his term by passing an ordinary resolution.

(5 x 3 = 15 Marks)

II. Choose the correct answer from options given below:

1. According to Section 173 of companies act 2013, every company shall hold its first board meeting within _____ of its incorporation
 - a. 10 days
 - b. 30 days
 - c. 45 days
 - d. 90 days
2. Section 173(2) allows directors to attend board meetings _____
 - a. In person
 - b. Video conferencing
 - c. Audio visual means
 - d. Any of the above
3. The CSR committee shall be constituted by a company if its _____
 - a. Net worth is ₹100 crore rupees or more
 - b. Net worth is ₹300 crore rupees or more
 - c. Net worth is ₹500 crore rupees or more
 - d. Net worth is ₹1000 crore rupees or more
4. A One person company shall file copy of financial statements with the registrar within _____ [Section 137(1)]
 - a. 30 days
 - b. 90 days
 - c. 100 days
 - d. 180 days
5. In case of first auditor, the remuneration shall be fixed by _____
 - a. Central government
 - b. Member of the company
 - c. Registrar
 - d. Board of directors
6. According to Section 127 of the companies act, 2013 company shall be liable to pay simple interest at the rate of _____ for default in payment and distribution of dividend.
 - a. 6%
 - b. 10%
 - c. 12%
 - d. 18%

7. An alternate director shall be appointed during the absence of the original director for a period of not less than _____
 - a. One month
 - b. Three months
 - c. Two months
 - d. Six months
8. The sitting fees to directors shall not exceed _____[Section 197(5)]
 - a. ₹ 20000
 - b. ₹ 50000
 - c. One lakh rupees
 - d. Ten lakh rupees
9. According to section 203 of companies act, 2013 every listed company having paid-up share capital of _____ shall have whole-time key managerial personnel
 - a. ₹ 1 crore
 - b. ₹ 10 crore
 - c. ₹ 50 crore
 - d. ₹ 1 lakhs
10. Every Public company having a turnover of _____ shall conduct secretarial audit
 - a. ₹ 100 crores
 - b. ₹ 250 crores
 - c. ₹ 500 crores
 - d. ₹ 600 crores

(10 x 1= 10 Marks)

PART- B

(50 Marks)

1. Board of Director of GHI Limited are to appoint a 'Stakeholders Relationship Committee' as required under the provisions of the Companies Act, 2013. The Board decides to constitute the committee with the following directors of the company who are the non-executive directors:

Mr. Wise

Mr. Intelligent

Mr. Green

Mr. Blue

You are required to:

- (i) Draft a resolution appointing the 'Stakeholders Relationship Committee'.
- (ii) Which companies are required to constitute the 'Stakeholders Relationship Committee' under the provisions of the Companies Act, 2013?

(10 Marks)

2.

- a) Mr. Sachin was appointed as an additional Director of Conservative Finance Ltd. w.e.f. 1stOctober, 2013, in a casual vacancy by way of a circular resolution passed by the Board of Directors The next annual general meeting of the company was due on 31st March, 2014, but the same was not held due to delay in the finalisation of the accounts. Some of the shareholders of the company have questioned the validity of the appointment of Mr. Sachin and his continuation as additional director beyond 31st March, 2014. Advise the company on the complaints made by the shareholders

(5 Marks)

- b) The Annual General Meeting of Bhaskar Electronics Limited declared a dividend at the rate of 30 percent payable on paid up equity share capital of the Company as recommended by Board of Directors on 30th April, 2014. But the Company was unable to post the dividend warrant to Mr. Sanjay, an equity shareholder of the Company, up to 30th June, 2014. Mr. Sanjay filed a suit against the Company for the payment of dividend along with interest at the rate of 20 percent per annum for default period. Decide in the light of provisions of the Companies Act, 2013, whether Mr. Sanjay would succeed? Also state the directors' liability in this regard under the Act.

(5 Marks)

3. The Annual General Meeting of Robertson Ltd., for laying the Annual Accounts thereat for the year ended 31st March, 2014 was not held, as the accounts were not ready. In this context:
- Advise the company regarding compliance of the provisions of section 137 of the Companies Act, 2013 for filing of copies of financial statements with the Registrar of Companies.
 - Will it make any difference in case the Annual Accounts were duly laid before the Annual General Meeting held on 27th September, 2014 but the same were not adopted by the shareholders? **(10 Marks)**

4.

- a) In order to meet the expansion requirement, the Board of Directors of MNR Limited by passing a resolution decides to borrow from the company's bankers an additional sum of ₹ 200 crores, as long term loan. The company gives you the following financial information:

	₹
Equity Share Capital	100 crores
Preference Share Capital	50 crores
General Reserve	25 crores
Debenture Redemption Reserve	25 crores
Provision for Taxation	12 crores

Existing long term loan from company's bankers is ₹ 25 crores.

Examining the provisions of the Companies Act, 2013, the company seeks your advice about the extent to which the company can borrow from its bankers and also state whether the Board of Directors proposal to borrow ₹ 200 crores is valid. **(5 Marks)**

- b) Mr. Suresh, a Chartered Accountant, was appointed by the Board of Directors of ABLimited as the First Auditor. The company in General Meeting removed Mr. Suresh without seeking the approval of the Central Government and appointed Mr. Gupta as Auditor in his place. **(5 Marks)**

5.

- a) A meeting of the Board of 'No Holiday Ltd' was held on a national holiday. However due to lack of quorum, the proceedings of the meeting could not be held and therefore the Chairman of the meeting decided with the consent of the majority that the Board meeting be adjourned to next Monday. However, the date fixed for the adjourned meeting happened to be a 'national holiday'. Advise and draw your analogy with reference to the provisions of the Companies Act, 2013, whether the adjourned meeting of the Board can be held on a day which is a public holiday. **(5 Marks)**

- b) In the course of administration of the affairs of a limited company, Chairman of the Board of directors came across a matter which required the approval by way of a board resolution. In the prevailing circumstances, it is not possible to convene and hold a Board meeting. The chairman approaches you to advise him of the way and the relevant procedure to obtain such approval without holding the Board meeting. Advise the chairman, taking into account the relevant provisions of the Companies Act, 2013 **(5 Marks)**