Roll No. ....

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 6 *Total number of printed pages : 20*

NOTE : (1) *Answer* **ALL** *Questions.*

(2) *All references to sections relate to the Companies Act, 2013 unless stated otherwise.*

Part–I

1. Case Study :

Background :

Swash Infra Limited, incorporated in 2021 under the provisions of Companies Act 2013 is presently engaged solely in infrastructure-related activities in line with its existing object clause. The company has built a strong market presence through high-quality products and robust post-sale services, resulting in consistent profits since inception. This operational success and evolving strategic outlook form the basis for the issues discussed in the subsequent paragraphs.

I. Name Change

Given its profitable operations, expanding business aspirations and also with the advice of one of the renowned astrologers the board of the directors of the company decided to change its name to reflect a broader business outlook.

The company passed a special resolution and filed an application with the Registrar of Companies (ROC) on 25 May 2026 for approval of a change in its name to Swaarna

IV. Threat of a Trade Union

A recognised trade union of the company is on strike, alleging unfair labour practices, including non-payment of bonus despite high profits. A workman of the union has created a video disk containing material that the company considers could be potentially defamatory and has also threatened to release it on social media. The Managing Director has instructed the Company Secretary to explore the possibility of obtaining legal measures to restrain the union and workmen from releasing the video.

V. CARO 2020

For the financial year ending 31st March 2026, the statutory auditor submitted the Companies (Auditor's Report) Order, 2020 (CARO 2020) report. In relation to physical verification of inventory, the auditor noted that :

- The management has not conducted physical verification of inventory at reasonable intervals.
- No proper treatment of discrepancies of 10% or more has been made by the company.

The auditor did not provide any explanation for these observations. The Board seeks clarification on the applicability of CARO 2020 to the company and whether the auditor's report complies with the reporting requirements, particularly in the light of the remarks on inventory verification.

Based on the information provided above and with reference to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, answer the following :

(*a*) Analyse the situation and advise the directors on the appropriate course of action to obtain approval for the change of name.

(*3 marks*)

2.

(b) As a Practising Company Secretary, do you consider a dormant company mechanism would provide a solution to the issue raised by the promoters on how they can provide a corporate shield for the intellectual properties and the land linked to the future renewable energy projects without altering the existing object clause of Swash Infra Limited.

(3 marks)

(c) Explain the meaning of a "listed company" and examine whether the Company Secretary's suggestion is justified i.e., whether the company would become a listed company by listing its proposed non-convertible redeemable preference shares on a recognized stock exchange such as the National Stock Exchange of India.

(3 marks)

(d) In view of the facts given under para-IV above, examine whether the Company Secretary is likely to succeed in obtaining an injunction from the appropriate court to restrain the trade union and workmen from releasing the video disk on social media or in any other manner.

(3 marks)

(e) Explain the provisions relating to the applicability of CARO 2020 to companies and determine whether the statutory auditor's report issued in this case is complaint with CARO 2020.

(3 marks)

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Infra & Realty Limited. During examination of the application, the ROC noted that the company had not filed its annual return for FY 2024-25 in Form MGT-7, although the financial statements for the same year had been filed. The directors remain confident that the application will be approved.

II. Future Projects

Despite being profitable in the infrastructure sector, the promoters intend to diversify into the Renewable Energy Infrastructure business after three years. They have already developed certain intellectual properties for the proposed venture and also wish to purchase land now for use in the future project. However, the existing object clause of Swash Infra Limited does not permit such activities or holding assets relating to the renewable energy sector, and the promoters do not wish to alter the object clause at this stage. They also confirm that no accounting transaction or business activity relating to the proposed project will be undertaken at present and till the projects become operational. The promoters, however want the intellectual property and the proposed land to be held under a corporate structure rather than in their personal names and therefore seek advice from the Practising Company Secretary (PCS) on how this may be achieved without altering the existing object clause.

III. Status as a Listed Company

The Board of Directors is considering issuing non-convertible redeemable preference shares (NCRPS) to augment financial resources. During preliminary discussions, the Company Secretary suggested that the company could list the proposed issue of NCRPS on the National Stock Exchange of India (NSE). The Board seeks a legal opinion from the PCS on whether such a listing would confer the status of a "listed company".

Contd. ....

(d) (i) Board of Directors of Beta Ltd. an unlisted company has decided to proceed for making an offer of Equity Share on preferential basis. In this connection the Vice President (Corporate Affairs) wants to know the time limit for completion of allotment of shares on preferential basis.

(*1 mark*)

(ii) In a situation where convertible securities are offered on a preferential basis with an option to apply for and get equity shares allotted, how will the price for resultant shares pursuant to conversion be determined ? Advise.

(*2 marks*)

(*Total 1+2=3 marks*)

(e) Sona Boutique Pvt. Ltd. has not appointed a Company Secretary, as its paid-up share capital is below the statutory threshold. The Board of directors has authorized the Chief Financial Officer (CFO) to authenticate the entries in the Register of Members. The company has recently forfeited certain shares for non-payment of calls. Explain the statutory time limit for making entries in the Register of Members pursuant to such forfeiture and examine the validity of authentication of these entries by the CFO in light of the provisions of the Companies Act, 2013.

(*3 marks*)

3. (a) The Board of directors of Shagun Ltd. has, for a considerable period, observed that Sampat, a member of the company, has been indulging in activities detrimental to the interests and reputation of the company. The Articles of Association of the company authorize the Board of Directors to expel a member whose conduct is detrimental to the company existance.

In exercise of such power and claiming to act in the bona fide interests of the company, the Board of Directors, at its meeting held in March 2025, passed a resolution, with consent of all directors attending the meeting, to expel Sampat from the membership of the company.

Examine the validity of the Board's resolution under the provisions of the Companies Act, 2013.

(5 *marks*)

(b) Vanna Private Limited proposes to accept deposits amounting to ₹ 50 crore from its members. The company has no existing outstanding deposits. As per the audited financial statements for the year ended 31st March 2026, its paid-up share capital is ₹ 25 crore (equity ₹ 20 crore and preference ₹ 5 crore), free reserves are ₹ 10 crore, and the securities premium account shows a balance of ₹ 5 crore. The company has an outstanding term loan of ₹ 40 crore. Vanna Private Limited is neither a holding company nor a subsidiary or associate company of any other company and it has not defaulted in repayment of its borrowings.

With reference to the provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 examine whether the company can accept the proposed deposits of ₹ 50 crore from its members.

(5 *marks*)

2. (a) Blue Crest Industries Ltd. created a combined charge over two factories to secure a loan of ₹ 100 crore, which was also registered with the ROC. After repaying ₹ 95 crore along with interest, the lender agreed to release the charge with respect to Factory-1. The company then filed satisfaction of charge with the Registrar of Companies (ROC) seeking deletion of the charge on Factory-1.

As the Company Secretary, examine whether the ROC would issue a certificate of satisfaction of charge relating to Factory-1 under the Companies Act, 2013.

(3 *marks*)

(b) Zen Wave Technologies Pvt. Ltd. earned a profit of ₹ 70 crore for the financial year ending 31st March 2026. The Board in its meeting on 30th May 2026, proposed a final dividend of 30% on the paid-up share capital. While preparing the financial statements, the company did not transfer 10% of its profits to the general reserve. At the Annual General Meeting (AGM), some shareholders objected that the final dividend cannot be declared without making such a transfer. With reference to the Companies Act, 2013, examine whether the shareholders' objection is justifiable and whether the proposed final dividend can be validly declared.

(3 *marks*)

(c) Ramakant is a debenture holder of Smart Tubes Ltd. with a turnover of ₹ 73 crores for the previous financial year. He wrote an email to the company about his requirement for a copy of the register of members within five days of his request. The company insisted on payment of fees of rupees twenty-five per page and stated that it will be given in fifteen days from date of resolution passed by Board in this aspect. Referring to the provisions of Companies Act, 2013 discuss the validity of action of the company.

(3 *marks*)

(b) You are the senior partner of a firm of practising Company Secretaries. The turnover of your firm was ₹ 7 crores for year ended 31st March, 2026.

Saugata is a director in AB Ltd., CD Private Ltd. and EF Ltd. He is confused if internal audit is required in these companies and has approached you on the applicability thereof.

Advise Saugata as per the information given below from the latest financial statements :

(₹ in crore)

Particulars	**AB Ltd. (listed)**	**CD Private Ltd. (subsidiary of GH Ltd. listed)**	**EF Ltd. (unlisted)**
Turnover	90	150	180
Paid-up share capital	48	60	40
Reserves & Surplus	27	45	60
Outstanding loans from Public financial institutions	10	75	70
Outstanding deposits	—	—	50

(5 *marks*)

(c) (i) Parimal is indebted to Intense Finance Solutions Ltd. for ₹ 95,000. Intense Finance Solutions Ltd. is the holding company of Xplore Financial Services Ltd.

Parama is sister of Prateek. Prateek is employed as General Manager (Marketing) in the company with a salary of ₹ 1 lakh per month.

State if the following persons Parimal and Parama can be appointed as debenture trustee for Xplore Financial Services Ltd.

(3 marks)

(ii) Can a debenture trustee be removed from office before expiry of term ? How will casual vacancy in the office of trustee be filled up ? Referring to the provisions of the Companies Act, 2013 comment.

(2 marks)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (a) AD Ltd. is unable to redeem its preference shares amounting to ₹ 50 lakh along with the outstanding dividend of ₹ 5 lakh thereon on the due date for the reason of non-availability of adequate cash resources.

In the light of the provisions of the Companies Act, 2013, advise the company on the permissible method for redemption of the preference shares without resulting in either an increase or a reduction of its share capital.

(5 marks)

On verge of liquidation the management proposed one last arrangement between creditors and the company whereby the creditors would have to forego forty percent of their dues. This has aroused strong objection from some of the creditors who may block the arrangement.

Examine the facts to be disclosed by the applicant company while proposing scheme of compromise or arrangement to the Tribunal by affidavit under provisions of Companies Act, 2013.

(5 *marks*)

(*ii*) Forward Troopers Ltd. is engaged in the manufacturing of wearable protective gear and accessories including helmets and shields for supply to the armed forces in the country.

Following are the extracts of the audited financial statement of the company as on 31st March, 2026 :

Liabilities	**Amount (in ₹)**
Equity shares of ₹ 10 each fully paid	20,00,000
Reserves & surplus	7,00,000

Foreign exchange fluctuation reserve	1,00,000
Profit & loss account	3,00,000
8% debenture (issued to twenty five persons)	25,00,000
Unsecured loan (from a related party)	15,00,000

The company is considering buy-back of its shares without using any proceeds of shares or other securities. Ascertain the maximum quantum of buy-back of shares with shareholders' approval as on 1st April, 2026.

(*5 marks*)

(*iii*) (*a*) Hipocam Ltd. has entered into a contract with Admenta Private Ltd. by which the former will reserve twenty-two percent of their output to be sold to Ultra Ltd. or to a buyer at the direction of Admenta Private Ltd. You are the company secretary of Hipocam Ltd. There is a query from accounts department if Admenta Private Ltd. can be called an associate company of Hipocam Ltd. Discuss.

(*b*) List out the situations when a company is liable for torts of its employees.

(*3+2=5 marks*)

(c) The audited financial statements of Jo Ltd. for the year ended 31st March 2025 show the following :

1. Paid-up equity share capital : ₹ 50 lakh (5 lakh shares of ₹ 10 each)
2. Surplus in Profit & Loss Account : ₹ 10 lakh
3. Free Reserves : ₹ 30 lakh

For the quarter ended 31st December 2025 and as on that day unaudited accounts shows a loss of ₹ 3 lakh.

The Board proposes to declare interim dividend @ ₹ 5 per share in January 2026. The company declared dividends at 10%, 12% and 8% in FYs 2022-23, 2023-24 and 2024-25 respectively.

Advise the Board suitably on declaration of interim dividend under the provisions of the Companies Act, 2013.

(*5 marks*)

Or (Alternate Question to Q. No. 4)

4A. (*i*) Glow Bright Ltd. was facing acute financial difficulties due to continuous disruption of operations. The company was facing the impact of :

- scarcity of raw materials;
- loss of demand of company's products;
- frequent lock down due to workmen's unrest.

Situation II :

The articles of association of DSAL provides for a maximum of twelve directors. But the company has only ten directors and for two of them Julien and Brice representing foreign collaborators, alternate directors Bapi and Chinmoy have been appointed. Board meeting held on 31st August, 2025 which discussed the matter for issue of rights shares was attended by four directors including two alternate directors.

Situation III :

DSAL showed a net profit of ₹ 56 lakhs after including the following items credited/debited to the statement of profit & loss for year ended 31st March, 2025 for arriving at profit before tax.

Particulars	**Amount (in ₹)**
Other revenue	
Profit on sale of fixed assets	5,60,000
Revaluation of assets	4,00,000
Change in carrying amount of assets on measurement at fair value	7,20,000
Expenditure	
Bad debt	4,80,000
Loss of capital nature including sale of undertaking	2,40,000
Tax expenses, current tax payable	12,00,000

Details of sale of fixed assets (in ₹) :

Sale value – 16,00,000; Original Cost – 12,80,000; Written down value – 10,40,000.

Part–II

5. **Case Study :**

Diya Steels & Aluminium Ltd. (DSAL) was incorporated in December, 2019 in Rajasthan with the objective of manufacturing high quality steels. The plant was commissioned in May, 2021 at a cost of ₹ 250 crores. It was financed partly by the promoters (75%) and balance from bank loan from a consortium of banks. Currently, DSAL is not a listed company but plans to get listed after two years. The registered office is in Jaipur and the plant located in Jharkhand.

Over a period of time, the company has evolved to become one of India's top ten manufacturers of steel and its accessories. It has a significant share in the domestic and foreign market. It won an award from an Export Promotion Council for upholding highest standards of quality manufacturing activities, processes and preparation and maintenance of adequate cost records. The company has now eleven hundred members. The Board consists of ten directors with two of them women. You are the Compliance Officer of the company designated as General Manager (Secretarial).

Situation I :

DSAL at the annual general meeting (AGM) held on 28th September, 2023 appointed Arup as a non-executive director for a period of three years. On 10th October, 2024 Arup suffered a severe brain stroke and expired. The Board of directors of the company on 24th October, 2024 appointed Prabhat to fill the casual vacancy so created. The appointment was made for a term of three years by the Board. Subsequently at the AGM held on 19th August, 2025 Prabhat's appointment was not proposed or approved as the Board was of the view that it is not needed. But the President (Corporate Affairs) is of the view that the company has contravened the provisions of the Companies Act, 2013 in respect of non-approval of the appointment of Prabhat and his office tenure at the AGM.

(d) Comment on the action of Chairman with reference to Secretarial Standard and what would be the implications if there is no quorum in the adjourned general meeting.

(3 *marks*)

(e) As a separate case, advise Bithin next course of action for having two director identification numbers.

(2 *marks*)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6\. (*a*) Ansari, a director of JB Ltd., is proceeding abroad for a continuous period of four months. Prior to his departure, he appoints Khushbu, not being a director of the company, to act in his place during his absence. However, at a Board Meeting held after departure of Ansari the Chairman did not permit Khushbu to participate in the meeting.

With reference to the provisions of the Companies Act, 2013 :

(*i*) Examine whether the decision of the Chairman was justified.

(*ii*) Draft a specimen Board Resolution for appointing a person to act in place of a director who is absent from India for a period exceeding three months.

(5 *marks*)

(b) XYZ Foundation, a company registered under Section 8 of the Companies Act, 2013 is engaged in charitable activities and proposes to receive foreign contribution for carrying out its objects. Under the Foreign Contribution (Regulation) Act, 2010, foreign contribution can be received only in a designated bank account opened with the State Bank of India, New Delhi Main Branch (FCRA Branch), 11 Sansad Marg, New Delhi - 110001, and such account is to be used exclusively for receipt of foreign contribution.

Draft a specimen board resolution for opening the said designated FCRA bank account, and authorising the director and/or the company secretary for doing the needful in this regard under the provisions of the Companies Act, 2013.

(5 *marks*)

(c) The Board of directors of your company is intending to take approval from members of the company for consolidation of shares. The Managing director has advised you, company secretary of the company, to show him a specimen Notice of general meeting containing the resolution. Draft the Notice covering all incidental matters.

(5 *marks*)

(d) Due to urgency, the Company Secretary suggested obtaining Board approval by a Circular Resolution for entering into a raw material purchase agreement with JK Suppliers which is an unrelated party. The company has nine directors, out of whom three are interested in the transaction. Two non-interested directors have requested that the matter be discussed and decided at a Board Meeting.

Situation IV :

The company had its annual general meeting (AGM) on 19th August, 2025. After completion of all ordinary business as stated in the AGM notice, there was a commotion and disorder at the meeting subsequent to which the Chairman of the meeting adjourned the meeting to 26th August, 2025 though members present did not agree for such adjournment. The Chairman further stated that the unfinished agenda that were listed in the AGM notice alone will be taken up for discussion at the adjourned meeting.

Situation V :

As a separate issue, Bithin – director reported to you that he was possessing two director identification numbers.

Based on the above facts and integrated case, answer the following referring to the provisions of Companies Act, 2013 :

(a) Examine if there is any non-compliance on the part of the company and statement of the President (Corporate Affairs) is tenable.

(5 *marks*)

(b) Analyse if the quorum was present in the board meeting held on 31st August, 2025. Will your answer be different if the articles stipulated a quorum of six directors ?

(5 *marks*)

(c) Compute company's net profit as laid down under Companies Act, 2013 to calculate managerial remuneration.

(5 *marks*)

(b) Examine whether Saleem's claim for compensation for loss of office is legally sustainable.

(5 *marks*)

(ii) Considering the provisions of the Companies Act, 2013 relating to "Corporate Social Responsibility Obligations" answer on the following :

(a) The composition of the "Corporate Social Responsibility Committee" (CSR Committee) in case of a private company.

(b) The Quorum for the CSR Committee.

(c) The functions of the CSR Committee under the statute.

(d) Number of CSR Committee Meetings.

(e) Chairman of the CSR Committee.

(5 *marks*)

(iii) Shantilal, a customer of Cotton Textile Pvt. Ltd. intends to apply in writing to the company for inspection of its latest Annual Return and extracts thereof. If the company rejects his application as he is not a member or debenture holder of the company, can he seek any remedy from the Central Government. He also wants to know the evidentiary value of the copies of the annual return. Advise, with reference to the provisions of the Companies Act, 2013.

(5 *marks*)

With reference to the provisions of the Companies Act, 2013 :

(i) Examine whether it is mandatory for the Chairman to place the resolution before a Board Meeting instead of passing it by circulation in the given scenario mentioned above.

(ii) Draft a specimen circular resolution for approval of the purchase of raw material agreement with the Suppliers.

(5 marks)

OR (Alternate question to Q. No. 6)

6A. (i) Z Ltd. appointed Saleem as its Managing Director for a period of five years. After completion of three years of his tenure, Saleem resigned from office and claimed compensation for loss of office in respect of the unexpired period of two years.

With reference to the provisions of the Companies Act, 2013 :

(a) Explain the provisions of Section 202 of the Companies Act, 2013 relating to compensation for loss of office of a Managing Director, Whole-time Director, or Manager. Also, discuss the cases where no compensation is payable and the statutory limit on payment of such compensation.

(iv) Rohit has applied to the Indian Institute of Corporate Affairs (IICA) for inclusion of his name in the data bank of independent directors. He is working as a director of unlisted public companies JKL Ltd. and MNO Ltd., having paid-up share capital of ₹ 10 crore since last 7 years. Rohit clarifies that he is not required to pass the online proficiency self-assessment test as he is director of two unlisted companies with paid-up share capital of ₹ 10 crore since last 7 years. Explain if the contention of Rohit is correct as per Companies Act, 2013.

(5 *marks*)

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