

CA – Inter (New Syllabus)  
Paper – 2 “Corporate and Other Laws”

**M.M.: 35**

**Time allowed: 60 Mins.**

**Instructions: All Questions of Division A are compulsory.**

**Division A – Multiple Choice Questions**

**Marks**

**Case Scenario 1**

Ramesh started a new venture of on-line business of supply of grocery items at the doorstep of consumers. Initially it was having the area of operations of Jaipur City only. He employed some young boys having their own bikes and allocated the areas which they were accustomed of it, for making delivery of the grocery items as per their orders. He also got developed a website and Mobile App to receive the orders on-line. His friend Sudhanshu who is a Chartered Accountant, suggested him to corporatize this business form, from proprietorship business to a One Person Company (OPC). Ramesh agreed and a OPC was incorporated in the name of “Ask Ramesh 4 Online Grocery (OPC) Pvt Ltd.” (for short OPC-1). In this OPC Ramesh became the member and director and Sudha (the mother of Ramesh) was made as nominee.

After a year Ramesh got married with Rachna. Since the business of on-line supply of grocery was on rising trend, day by day, he thought to start a new business of supply of Milk and Milk Products and another OPC in the name of “Rachna Milk Products (OPC) Pvt. Ltd.” (for short OPC-2) was incorporated with the help of his professional friend Sudhanshu. In this OPC-2, Rachna (his wife) became the member and director and Ramesh was named as Nominee. To summarise the position, the information is tabulated as under:

Name of OPC	Ask Ramesh 4 Online Grocery (OPC) Pvt. Ltd. [OPC-1]	Rachna Milk Products (OPC) Pvt. Ltd. [OPC-2]
Member and Director	Ramesh	Rachna
Nominee	Sudha (Mother of Ramesh)	Ramesh (Husband of Rachna)

After some time, Sudha (the mother of Ramesh) passed away. However, before the death, Sudha had made a WILL, in which she mentioned that after her demise, her another son Suresh be made nominee in the OPC-1. When Suresh came to know this fact, he argued with Ramesh to fulfil the wish of Sudha as per her WILL (Mother of Ramesh and Suresh), but Ramesh denied this and appointed Rachna (his wife) as nominee.

Aggrieved from the decision of Ramesh for not nominating him (Suresh), Suresh threatened Ramesh to take appropriate legal action against him for not honouring the WILL of mother Sudha and consulted his lawyer. Meanwhile due to continuous threatening and hot talks between Suresh and Ramesh, Rachna became mentally upset and became insane, as certified by the medical doctor, so lost her capacity to contract. In this situation, Ramesh being the nominee in OPC-2 became member and director of this OPC-2.

One of the friends of Ramesh advised him to do some charitable work of providing free education to the girl children of his native village near by Jaipur. Ramesh thought about this proposal and asked his professional friend Sudhanshu to convert this OPC-2 into Sec. 8 company.

Based on the above facts, answer the following MCQs:

- Q.1 Since Rachna, being insane, lost the capacity to contract, Ramesh (who was nominee) became the member of OPC-2. Now who will make nomination for this OPC:** 2
- (a) Ramesh in the capacity of husband of Rachna can nominate any person as Nominee of OPC-2.
- (b) Ramesh (who was nominee) of OPC-2 has now become member of this OPC and now as a member of this OPC he can nominate any person as per his choice as Nominee for this OPC.
- (c) When no person is nominated, the Central Govt. will make nomination of such OPC-2.
- (d) When no person is nominated, the Registrar shall order the company to be wound-up.
- Q.2 Whether conversion of OPC-2 into a company governed by Sec. 8 is permissible?** 2
- (a) Yes, OPC can be converted into Sec. 8 company.
- (b) No, OPC cannot be converted into Sec. 8 company.
- (c) This OPC-2 can be converted into Sec. 8 company, provided the Central Govt. give license.
- (d) Providing of free education to girl child do not come under the specified objects mentioned for eligibility incorporation of Sec. 8 company.
- Q.3 Ramesh is a member in OPC-1 and became a member in another OPC-2 (on 2nd April, 2022) by virtue of his being a nominee in that OPC-2. Ramesh shall, by what date, meet the eligibility criteria that an individual can be a member in only one OPC:** 2
- (a) 17th May 2022.
- (b) 25th August 2022.
- (c) 26th August 2022.
- (d) 29th September 2022.

**General MCQs**

- Q.4 Angel Infrastructure Pvt. Ltd. with a paid-up capital of ₹ 150 Lakhs and annual turnover of ₹ 1750 Lakhs, is a wholly owned subsidiary of Almighty Infrastructure Development Ltd. a listed company. Can Angel Infrastructures be called a small company?** 1
- (a) Yes, as the paid-up capital and annual turnover of Angel Infrastructure Pvt. Ltd. is not exceeding the limit as specified under the definition of small company.
- (b) No, as Angel Infrastructure Pvt. Ltd. is a subsidiary company.
- (c) Yes, as the paid-up capital and annual turnover of Angel Infrastructure Pvt. Ltd. is not exceeding the threshold limits as specified u/s 2(85) of the Companies Act, 2013 and is a wholly owned subsidiary of a listed company.
- (d) No, as the turnover of Angel Infrastructure Pvt. Ltd. is exceeding ₹ 1000 Lakhs.
- Q.5 A general meeting of the company is to be held on 30th August, 2022. The company has not paid dividend for the financial year 2019-2020. It has also not yet paid any dividend for the year 2020-21. In such case preference shareholders:** 1
- (a) will not have the right to vote because preferential shareholder has no right to vote.
- (b) will have the right to vote because dividend for last two years have not been paid.
- (c) will not have the right to vote because only equity shareholders can vote in general meetings.
- (d) will have the right to vote because preference shareholder have the right to vote in general meetings.
- Q.6 Shruti, a common friend of Suchitra and Sukanya, got incorporated OPC sometime before and during a chit-chat with her friends informed them that there is some limit on the maximum capital which her OPC can have and she would have to convert her OPC either into a private or public limited company if such limit exceeded. Suchitra and** 1

**Sukanya who are desirous of forming a private limited company for carrying on textile trading business, are unsure about the maximum capital which a private limited company can have. Advise.**

- (a) A private limited company can have maximum of ₹ 1 crore as share capital.
- (b) A private limited company can have maximum of ₹ 2 crores as share capital.
- (c) A private limited company can have maximum of ₹ 5 crores as share capital.
- (d) A private limited company can have unlimited share capital.

**Q.7 When a copy of the contract for the payment of underwriting commission is required to be delivered to the Registrar:**

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- (a) 3 days before the delivery of the prospectus for registration.
- (b) At the time of delivery of the prospectus for registration.
- (c) 3 days after the delivery of the prospectus for registration.
- (d) 5 days after the delivery of the prospectus for registration.

**DIVISION B - DESCRIPTIVE QUESTION**

**Q. No. 1 is compulsory**

**Attempt any four questions from the Rest**

- Q.1 (a) Johnson Limited goes for public issue of its shares. The issue was oversubscribed. A default was committed with respect to allotment of shares by the officers of the company. There were no Managing Director, Whole time Director or any other officer/person designated by the Board with the responsibility of complying with the provisions of the Act. State, who are the persons considered as officers in default under the Companies Act, 2013. Examine who will be considered in default in the instant case?** 5
- (b) Yellow Pvt Ltd. is an unlisted company incorporated in the year 2012. The company have share capital of ₹ 50 crores. The company has decided to issue Sweat equity shares to its directors and employees. The company decided to issue 10% Sweat equity shares (which in total will add up to 30% of its paid-up equity shares), with a locking period of 5 years, as it is a start-up company. How would you justify these facts in relation to the provision for issue of Sweat equity shares by a start-up company, with reference to the provision of the Company Act, 2013. Explain?** 4
- Q.2 PQR Bakers Limited wants to raise funds for its upcoming project. Accordingly, it has issued private placement offer letters for issuing equity shares to 55 persons, of which four are qualified institutional buyers and remaining are individuals. Before the completion of allotment of equity shares under this offer letter, company issued another private placement offer letter to another 155 persons in their individual names for issue of its debentures. Being a public company is it possible for PQR Bakers Limited to issue securities under a private placement offer? By doing so, whether the company is in compliance with provisions relating to private placement or should these offers be treated as public offers? What if the offer for debentures is given after allotment of equity shares but within same financial year?** 4

- Q.3** As per Sec. 2(52) of the Companies Act, 2013, “listed company” means a company which has any of its securities listed on any recognised stock exchange. Proviso to clause 52 states that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the SEBI, shall not be considered as listed companies. Briefly describe. 4
- Q.4** Examine the validity of the following different decisions/proposals regarding change of office by A Ltd. under the provisions of the Companies Act, 2013: 4
- (i) The Registered office is shifted from Thane (Local Limit of Thane District) to Dadar (Local limit of Mumbai District), both places falling within the jurisdiction of the Registrar of Mumbai, by passing a special resolution but without obtaining the approval of the Regional Director.
  - (ii) The Registered office is situated in Mumbai, Maharashtra (within the jurisdiction of the Registrar, Mumbai, Maharashtra State) whereas the Corporate Office is situated in Pune, Maharashtra State (within the jurisdiction of the Registrar, Pune). A Ltd. proposes to shift its corporate office from Pune to Mumbai under the authority of a Board resolution.
  - (iii) The registered office situated in certain place of a city is proposed to be shifted to another place within the local limits of the same city under the authority of Board Resolution.
- Q.5** Dhyan Diary Ltd., a diary product manufacturing company wants to set up a new processing unit at Udaipur. Due to paucity of funds, the existing shareholders are not willing to fund for expansion. Hence, the company approached Shyam Ltd. for subscribing to the shares of the company for expansion purposes. Can Dhyan Diary Ltd. issues share only to Shyam Ltd. under the provision of Companies Act, 2013? If so, state the conditions. 4
- Q.6** State Cricket Club was formed as a Limited Liability Company u/s 8 of the Companies Act, 2013 with the object of promoting cricket by arranging introductory cricket courses at district level and friendly matches. The club has been earning surplus. Of late, the affairs of the company are conducted fraudulently and dividend was paid to its members. Mr. Cool, a member decided to make a complaint with Regulatory Authority to curb the fraudulent activities by cancelling the licence given to the Company. 4
- (i) Is there any provision under the Companies Act, 2013 to revoke the licence? If so, state the provisions.
  - (ii) Whether the Company may be wound up?
  - (iii) Whether the State Cricket Club can be merged with M/s. Cool Net Private Limited, a company engaged in the business of networking?
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