

# M.K.G CA EDUCATION

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## TEST-3

### CA INTERMEDIATE

### CORPORATE AND OTHER LAWS

#### Topics Covered:

1. Charges
2. Register and Returns
3. Deposits

**QUESTION PAPER BOOKLET NO. 3062022**

**(05-06-2022 3:00 P.M. TO 6:00 P.M)**

Roll No .....589623.....

Time allowed: 3 hours

Total No. of Printed Pages:7

Maximum Marks: 100

#### GENERAL INSTRUCTIONS TO CANDIDATES

1. The Question Paper comprises two parts, Division A & Division B
2. Division A comprises Multiple choice Questions
3. Division B comprises questions which require descriptive type answers
4. TIME ALLOWED 180 MINUTES
5. MAXIMUM MARKS 100

### DIVISION A

#### Multiple Choice Question

(2 Marks\*18= 36)

1. A reserve account that shall not be used by the company for any purpose other than repayment of deposits is called:
  - (a) Debenture redemption reserve account
  - (b) Deposit repayment reserve account

- (c) Capital redemption reserve account  
(d) Free reserve account
2. **Normally no deposits are repayable earlier than \_\_\_\_\_ from the date of such deposits or renewal thereof.**
- (a) 3 months  
(b) 6 months  
(c) 12 months  
(d) 1 year
3. **Bhumi Real Estate Developers Limited has accepted deposits from its members. There is no default in repayment of such deposits on their maturity. The statutory amount to be deposited by the company on or before 30th April of each year in a specified account opened with its bankers, till the deposits are fully repaid is:**
- (a) Not less than 50% of the amount of its deposits maturing during the following financial year.  
(b) Not less than 30% of the amount of its deposits maturing during the following financial year.  
(c) Not less than 20% of the amount of its deposits maturing during the following financial year.  
(d) Not less than 10% of the amount of its deposits maturing during the following financial year.
4. **A Limited Company is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the mandatory minimum period for which it should be preserved in good order.**
- (a) Four years from the financial year in which the latest entry is made in the Register.  
(b) Six years from the financial year in which the latest entry is made in the Register.  
(c) Eight years from the financial year in which the latest entry is made in the Register.  
(d) Ten years from the latest date of entry.
5. **Dream World Entertainment Limited, has accepted deposits worth 50.00 lacs from public on 1st April 2019 for a period of 24 months i.e. repayment of deposit would be made on 31st March 2021. The rate of interest payable on such deposits is 9% p.a. One of the depositors Mr. Aman requested the company on 1st June 2020 for premature repayment of his deposit of ₹ 6.00 lacs along with interest. Advise the company in the said matter.**
- (a) The company can make premature repayment of deposits only with an intention to reduce the total amount of deposits to bring it within permissible limits. Hence, in the given case, the company cannot repay the deposit before the actual maturity.  
(b) The company can prematurely repay the deposit along with interest @ 9% p.a. for the period of 12 months (from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020).  
(c) The company can prematurely repay the deposit along with interest @ 8% p.a. for the period of 12 months (from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020).  
(d) The company can prematurely repay the deposit along with interest @ 8% p.a. for the period of 14 months (from 1<sup>st</sup> April 2019 to 31<sup>st</sup> May 2020).
6. **Suneet Spices Limited decides to raise deposits of 20.00 lacs from its members. However, it proposes to secure such deposits partially by offering a security worth 15.00 lacs. Which of the following options best describe such deposits:**
- (a) Fully secured deposits (except a small portion)  
(b) Unsecured deposits  
(c) Partially secured deposits  
(d) These cannot be classified as deposits
7. **What is the maximum tenure for which a company can accept or renew deposits from its members as well as public?**
- (a) 12 months  
(b) 24 months

- (c) 36 months
- (d) 48 months

**8. Pick the right statement regarding SCCL's willingness to keep and maintain the register of members at the Nainital liaison office.**

- (a) Register of members shall be kept at either registered office or within the same city that too after passing the resolution, hence SCCL is not correct in placing it at the Nainital liaison office
- (b) Register of members cannot be kept at any other place by SCCL, without passing an ordinary resolution
- (c) Register of members can be kept at Nainital liaison office, after passing a special resolution, because more than 1/10<sup>th</sup> of the total members entered in the register of members reside there
- (d) Register of members cannot be kept at Nainital liaison office, even after passing a special resolution, because less than 1/20<sup>th</sup> of the total members entered in the register of members reside there

**9. Mr. Mohit Aggarwal is a director of Superior Carbonates and Chemicals Limited (SCCL). SCCL was incorporated by Mr. S. K. Aggarwal (father of Mr. Mohit) on 05<sup>th</sup> July, 1995, as a public company. SCCL accepts a loan of ₹ 1.5 crores from Mr. Mohit and the loan is expected to be repaid after twenty four months. SCCL in its books of account, records the receipt as a loan under non-current liabilities. At the time of advancing loan, Mr. Mohit affirms in writing that such amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and complete details of such loan transaction is furnished in the boards' report.**

DBSL which is an unlisted public company, also proposed to accept the deposits from the public as on 1st November, 2021, which would be due for repayment on 30<sup>th</sup> September, 2026. DBSL also accepts a LAP (Loan against property) for a term of 10 years from a financial institution on 18<sup>th</sup> June 2021. Charge was created on that day, but DBSL failed to register the charge with the registrar within the prescribed time. The Registrar granted a grace period of further 30 days to DBSL in respect of application filed by it for the same, however, still it failed to register the charge within the prescribed time. Finally, the application for registration of charge was furnished on 18<sup>th</sup> August 2021.

SCCL has registered office in Paonta-sahib (Himachal Pradesh) and corporate office is situated in Dehradun (Uttarakhand) but around 15% of total members whose name is entered in members register are residents of Nainital (Uttarakhand). SCCL has a liaison Office at Nainital. Management of the company is willing to place the register of members at the Nainital Liaison Office.

DBSL convene its 7<sup>th</sup> AGM on 10<sup>th</sup> September, 2021 at the registered office of the company. Notice for same was served on 21<sup>st</sup> August 2021. 78% of members gave consent to convening AGM at short notice due to ambiguity and possibility of another lockdown starting from 11<sup>th</sup> September 2021, on account of the Omicron variant of COVID-19. With reference to deposit proposed to be accepted by DBSL and its duration, you are required to identify which of the following statements is correct:

- (a) There is no requirement relating to the duration of deposit, DBSL can accept deposit for any duration.
- (b) Since DBSL is an unlisted company, provisions relating to the duration of the deposit are not applicable to it.
- (c) There is a provision of a minimum duration of six months, but no upper cap to length is provided. Hence deposit proposed to be accepted by DBSL would be in compliance to provisions of Law.
- (d) Acceptance of deposits by DBSL would be in violation of provisions of law, because the maximum period of acceptance of deposit cannot exceed thirty-six months.

**10. VXN Steels Limited (hereinafter referred as the "Company"), a Public Limited Company, is a 100% export-oriented unit, in Koraput, in the State of Odisha. Its paid-up capital is 200 crores divided into 20 crores of shares of ₹ 10 each.**

The company decided to make a capital expenditure of ₹ 100 crores towards purchase of equipment and land and ₹ 25 crores for machinery. The company approached banks and financial institutions

**(FI) for financing the capital requirement of equipment, land and machinery by way of term loans. The banks and FIs have agreed to advance money; but on a condition that the company has to give necessary security for the amount of advance/loans. In this regard, a charge on the property was also required to be created. The company has informed to the banks and FIs that it has mortgaged the said fixed assets in favour of the banks and FIs in their books of accounts.**

**The company was formed in April 2021 and being a newly incorporated company, the company was not much well versed with the provisions of the Companies Act, 2013 (hereinafter referred to as the “Act”) and also the company secretary was yet to be appointed. Accordingly, they have asked the banks and FIs to do the needful compliances with respect to the creation of charges. The banks and FIs informed the Company that as per relevant provisions of the Act, if a company contravenes any provisions, there shall be levied punishment/penalty provisions under the Companies Act, 2013, and hence the necessary legal requirements will have to be compiled by the company and not by them. The company was however of the view that “creation of charges” being a protection available to the bank and FIs, the legal requirement only relates to filing of charges and not of any other consequences. Hence, it was decided by the company to delay the process of filing the charges and regularising the same by paying additional fees for delayed filing. The company understood that there was no situation inviting any sort of punishment and at the worst, the enhanced punishment, if any, will lead to levy of fine.**

**The loan agreement was signed and the charges were created on 14th May 2021, respectively, and the documents creating charges were filed on 24th June 2021 with the Registrar of Companies for creation of charges.**

**10.1 Which of the Statement is correct regarding mortgaging of the fixed assets?**

- (a) Fixed Charges are created as security whenever a company obtains term loans from financial institutions or Banks.
- (b) Floating Charges are created as security whenever a company obtains term loans from financial institutions or Banks.
- (c) A charge is to be created only when a company obtains term loans from financial institutions.
- (d) Creation of charge or otherwise depends upon the Registrar of Companies and company can maintain their own records for repayment purposes.

**10.2 In the given case scenario, by which date the creation of charges should have been filed at the first place?**

- (a) By 14th June 2021
- (b) By 13th June 2021
- (c) By 14th July 2021
- (d) By 13th July 2021

**10.3 In the given case scenario, if the company fails to register the charge, then can the banks and FIs file the necessary charges?**

- (a) It is the duty of the company to create charges and get it registered and no other entity can do so on behalf of the company. Hence penalty provisions will apply.
- (b) In case the company fails to register the charges, then the person in whose favour the charge is created has to mandatorily get the charge registered.
- (c) In case the company fails to register the charges within the prescribed period of 30 days then, the person in whose favour the charge is created can get the charge registered.
- (d) In case the company fails to register the charge then the Registrar of Companies can issue order to the Company or to the Charge-holder to take necessary action for registering the charge.

**11. Indian Mining Limited, an unlisted public company, (hereinafter referred as “Company”) has its mining unit in Koraput in the State of Odisha. Its paid-up capital is ₹ 15 crores divided into 15,00,000 equity shares of ₹ 100 each. The Company has also issued debentures to the extent of ₹ 20**

crores. The company's registered office was located in the city of Bhubaneswar in the State of Odisha.

As per provisions of the Companies Act, 2013, Companies are required to maintain Statutory registers. The Company had a practice of maintaining one combine register for both Members as well as Debenture-holders.

The company has decided to declare dividend for the financial year 2021-22 and hence there is a requirement for closing the register of members. The company has closed its Register of Members, by giving a minimum of 10 days' notice.

It was observed that at least 80% of the total members were residing in the capital city of New Delhi. Hence the company decided to keep its register of members in one of its offices situated in the locality of Saket, New Delhi. It was felt that the appropriate place for keeping the register of members should be the place where majority of members are residing. Accordingly, it passed an ordinary resolution for maintaining the register of members at a place other than the registered office.

The practice of the company for making entries in the Register of members was within 10 days of the approval by the Board approving the transfer of shares.

**11.1 Which of the following statements apply to Indian Mining Limited with respect to closing of the register of members?**

- (a) Yes, the company can close the register of members by giving at least 14 days prior notice.
- (b) Yes, the company can close the register of members by giving at least 7 days prior notice.
- (c) No, the Company is not allowed to close the register of members as it is the most important statutory register.
- (d) Yes, the Company can close the register of members by giving at least 7 days prior notice and in such manner as specified by SEBI by advertisement one in vernacular newspaper and other in English newspaper.

**11.2 What is the time limit for which the Register of Members (ROM) may be closed?**

- (a) The ROM may be closed for any period not exceeding 45 days at any one time.
- (b) The ROM may be closed for any period not exceeding 30 days at any one time and for an aggregate of 60 days in one year.
- (c) The ROM may be closed for any period not exceeding 30 days at any one time.
- (d) The ROM may be closed for any period not exceeding 30 days at any one time and for an aggregate of 45 days in one year.

**11.3 Is the company complying with the provisions of the Act in maintaining the register of members at New Delhi instead of Bhubaneswar?**

- (a) Yes, the company is complying in maintaining the register at New Delhi instead of Bhubaneswar as an ordinary resolution has been passed by the company.
- (b) No, the company is not complying in maintaining the register at New Delhi instead of Bhubaneswar as no special resolution has been passed.
- (c) No, the company is not complying in maintaining the register at New Delhi instead of Bhubaneswar as no special resolution of the members and no approval from the Central Government has been obtained for keeping the register of members in a different place other than the registered office.
- (d) Yes, the company is complying in maintaining the register at New Delhi instead of Bhubaneswar as there is no restriction regarding the place where register has to be maintained.

**11.4 Is the practice of the company correct in maintaining the same register for equity shareholders (members) as well as for debenture-holders?**

- (a) Yes, it is correct because both are stakeholders of the company.
- (b) No, it is incorrect because there is a requirement of maintaining a separate register for debenture holders.

- (c) Yes, it is correct as there is no provision in company law regarding register of debenture holders. It is only for equity shareholders who are the members of the company for whom register is to be maintained.
- (d) Yes, it is correct because both equity shareholder and debenture holders contribute to the capital of the company.

**11.5 Which of the following statement is correct with regard to the time period for the entries in the register of members?**

- (a) The entries have to be made within 14 days of the date of approval by the Board.
- (b) The entries have to be made within 21 days of the date of approval by the Board.
- (c) The entries have to be made within 17 days of the date of approval by the Board.
- (d) The entries have to be made within 7 days of the date of approval by the Board.

**12. A Limited Company is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the mandatory minimum period for which it should be preserved in good order.**

- (a) Four years from the financial year in which the latest entry is made in the Register.
- (b) Six years from the financial year in which the latest entry is made in the Register.
- (c) Eight years from the financial year in which the latest entry is made in the Register.
- (d) Ten years from the latest date of entry.

## DIVISION B

### SUBJECTIVE QUESTIONS

13. State all the provisions relating to declaration in respect of Beneficial interest in any share. **(10 Marks)**
14. What are provisions relating to Closure of Register of Members etc. **(5 Marks)**
15. How a member of the company can inspect or have a copy of Annual Return. Also state all the provisions relating to Annual Return? **(10 Marks)**
16. **Discuss the following situations in the light of 'deposit provisions' as contained in the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time. (5 Marks each)**
- (a) Samit, one of the directors of Zarr Technology Private Limited, a start-up company, requested his close friend Ritesh to lend to the company ₹ 30.00 lacs in a single tranche by way of a convertible note repayable within a period six years from the date of its issue. Advise whether it is a deposit or not.
- (b) Polestar Traders Limited received a loan of ₹ 30.00 lacs from Rachna who is one of its directors. Advise whether it is a deposit or not.
- (c) City Bakers Limited failed to repay deposits of ₹ 50.00 crores and interest due thereon even after the extended time granted by the Tribunal. Is the company or Swati, its officer-in-default, liable to any penalty?
- (d) Shringaar Readymade Garments Limited wants to accept deposits of ₹ 50.00 lacs from its members for a tenure which is less than six months. Is it a possibility?
- (e) Is it in order for the Diamond Housing Finance Limited to accept and renew deposits from the public from time to time?
17. Define Charge. State the Differences between fixed & Floating Charge. **(5 Marks)**
18. What is the procedure for satisfaction of Charges. **(4 Marks)**
19. What are modes of acquiring Membership in a Company? **(5 Marks)**

**SPACE FOR ROUGH WORK**