

# M.K.G CA EDUCATION

9811429230 / 9212011367

WEBSITE : [WWW.MKGEDUCATION.COM](http://WWW.MKGEDUCATION.COM)

EMAIL : [MKCAEDUCATION@GMAIL.COM](mailto:MKCAEDUCATION@GMAIL.COM)

Youtube channel : MKG CA EDUCATION

Facebook Page : <https://www.facebook.com/mkgcaeducation/>

Instagram : <https://www.instagram.com/mkcaeducation/>

## TEST-4

### CA INTERMEDIATE

### CORPORATE AND OTHER LAWS

#### Topics Covered:

1. Preliminary
2. Prospectus and allotment of securities
3. Acceptance of deposit by companies
4. Registration of charges
5. Declaration and payment of dividend
6. Accounts of Companies
7. Audit and Auditor
8. The LLP Act, 2008
9. The GCA, 1897
10. Interpretation of statutes

**QUESTION PAPER BOOKLET NO. 4122023**

**(03-12-2023 12:00 NOON TO 3:00 P.M.)**

Roll No .....465871.....

Time allowed: 3 hours

Total No. of Printed Pages: 14

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 QUESTIONS**

Bharat Sanskar Limited having its registered office at Haridwar, is a listed public company. It is registered with an authorised share capital of ₹ 300 crore divided into 30 crore equity shares of ₹ 10/- each. The paid-up share capital of the company is ₹ 200 crore divided into 20 crore equity shares of ₹ 10/- each. The company is very renowned in manufacturing and supplying devotional items such as high-quality worship materials, fragrances, various types of decorative goods, idols etc.

The Board of Directors of the company constituted of Sagar as the Managing Director and Hari, Rahi, Sansar & Nabh as directors of the company. In the company Raju was holding the post of Company Secretary, Sonu designated as Chief Financial Officer and Moti as Assistant Accountant. The company prepared its Financial Statement for the year 2022 -23, the Board of Directors approved the same and it was signed by the concerned authorities and thereafter submitted to the auditors on 10th May, 2023 for their report. The turnover of the company was ₹ 100 crore during the year 2022-23. The auditor's report was duly received and the annual accounts with Board's report and all necessary annexures were ready on 15th July 2023 after complying with all the formalities as per company law.

The Board Meeting was called on 25th July, 2023 and the Annual General Meeting was fixed on 20<sup>th</sup> August, 2023. At the Annual General Meeting the Financial Statement along with all annexures was duly received and adopted by the members present. However, the company could not file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting, with the Registrar.

It is also informed that in April, 2023, the company had destroyed all the books of account together with relevant vouchers up to financial year ending on 31st March, 2018.

On the basis of above facts and by applying applicable provisions of the Companies Act, 2013 and the applicable Rules therein, choose the correct answer (one out of four) of the following queries given herein under: -

**Based on the above facts, answer the following 01 to 04 MCQs**

1. The Companies Act, 2013 provides that the financial statement should be approved by the Board of Directors, signed by the prescribed authorities and submitted to the auditors for their report. Accordingly, the financial statements of Bharat Sanskar Limited shall be signed by:
  - (a) Sagar, Raju and Sonu
  - (b) Sansar, Hari, Raju and Sonu
  - (c) Sagar, Sansar, Raju and Moti
  - (d) Sagar, Sansar, Raju and Sonu

2. As per provisions of company law, the Board's report with annexures thereto of the above company is required to be duly signed by -
  - (a) Sagar only
  - (b) Sagar and Hari
  - (c) Sagar and Raju
  - (d) Sagar and Sonu
3. In the above case scenario, the company failed to file copies of financial statement along with all the documents annexed to the financial statement adopted at the Annual General Meeting with the Registrar. In this context, which of the following statements is correct?
  - (a) Sagar, Raju and Sonu shall be liable to a penalty.
  - (b) The company, Sagar and Raju shall be liable to a penalty.
  - (c) The company, Sagar and Sonu shall be liable to a penalty.
  - (d) Sagar, Raju and Sonu shall be liable to a penalty.
4. As per provisions of the Companies Act, 2013, the act of the company in destruction of all books of account together with relevant vouchers was not correct because –
  - (a) The books of accounts etc. relating to a period not less than 6 preceding financial years are required to be kept in good order.
  - (b) The books of accounts etc. relating to a period not less than 8 preceding financial years are required to be kept in good order.
  - (c) The books of accounts etc. relating to a period not less than 10 preceding financial years are required to be kept in good order.
  - (d) The books of accounts etc. relating to a period not less than 12 preceding financial years are required to be kept in good order.
5. A method of interpretation which brings into effect provisions for improving the conditions of certain classes of people who are under privileged or who have not been treated fairly in the past.
  - (a) Rule of Literal Construction
  - (b) Rule of Harmonious Construction
  - (c) Rule of Beneficial Construction
  - (d) Rule of Exceptional Construction
6. Win Limited bought 15% shares of Om Limited in the year 2018. In the year 2020 it formed a trust for its employees and donated its 15% shares of Om Limited along with ₹ 10,00,000 to the trust and became its trustee. In February 2023, Om Limited acquired 55% stake in Win Limited through an in-house deal. Can a subsidiary company hold shares in its holding company justifiably in this situation?
  - (a) Win Limited cannot represent itself as a trustee after it becomes a subsidiary of Om Limited.

- (b) Win Limited can represent itself as a trustee only after it was a holding company of Om Limited.
  - (c) Win Limited cannot hold shares as a trustee even though it is a subsidiary company.
  - (d) Win Limited can do so as it is holding shares in Om Limited prior to becoming a subsidiary of it.
7. Newage Private Limited issued 9% Non-convertible Debentures worth ₹ 10 lakh and thereafter, the directors contemplated to get them listed. After due formalities, these privately placed non-convertible debentures of ₹ 10 lakh were listed. Which of the following options is applicable in the given situation:
- (a) Newage Private Limited shall be considered as a listed company.
  - (b) Newage Private Limited shall not be considered as a listed company.
  - (c) Newage Private Limited shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is ₹ 15 lakh.
  - (d) Newage Private Limited shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is minimum ₹ 20 lakh.
8. Roma along with her six friends has incorporated Roma Trading Ltd. in May 2019. The paid-up share capital of the company is ₹ 30 lacs. Further, in April 2020, she noticed that in the last financial year, the turnover of the company was well below ₹ 20 crores. Advise whether the company can be treated as a 'small company'.
- (a) Roma Trading Ltd. is definitely a 'small company' since its paid-up capital is much below ₹ 2 crores and also its turnover has not exceeded the threshold limit of ₹ 20 crores.
  - (b) The concept of 'small company' is applicable only in case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company it cannot enjoy benefits of 'small company'.
  - (c) Unlike a private limited company/OPC which automatically becomes a 'small company' as soon as it meets the criteria of 'small company', Roma Trading Ltd. being a public limited company has to maintain the norms applicable to a 'small company' continuously for two years so that, thereafter, it will be treated as a 'small company'.
  - (d) If all the shareholders of Roma Trading Ltd. give an undertaking to the ROC stating that they will not let the paid-up share capital and also turnover exceed the limits applicable to a 'small company' in the next two years, then it can be treated as a 'small company'.
9. An issuing house (share broker) has issued an advertisement in two leading newspapers for selling a large number of shares allotted to it by a company under a private placement. In which of the following conditions will the advertisement NOT be deemed to be a prospectus:

- (a) Advertisement was given within six months from the date of allotment
  - (b) Advertisement was given after six months from the date of allotment and the issuing house has paid the entire consideration to the company
  - (c) The issuing house did not pay entire consideration to the company till the date of allotment
  - (d) advertisement was given within three month from the date of allotment
10. Which of the following statements is not true?
- (a) in case of shares, the rate of underwriting commission to be paid shall not exceed five percent of the issue price of the share.
  - (b) underwriting commission should not be more than the rates specified by the Article of Association.
  - (c) in case of debentures, the rate of underwriting commission shall not exceed five percent of the issue price of the debentures.
  - (d) amount of commission may be paid out of profits of the company.
11. Which of the following statement is contrary to the provisions of the Companies Act, 2013?
- (a) A private company can make a private placement of its securities.
  - (b) The company has to pass a special resolution for private placement.
  - (c) Minimum offer per person should have Market Value of ₹ 20,000.
  - (d) A public company can make a private placement of its securities.
12. A shelf prospectus filed with the ROC shall remain valid for a period of:
- (a) one year from the date of registration
  - (b) one year from the date of closing of first issue
  - (c) one year from the date of opening of first issue
  - (d) Ninety days from the date on which a copy was delivered to ROC
13. Shripad Religious Publishers Limited has received application money of 20,00,000 (2,00,000 equity shares of 10 each on 10th October, 2019 from the applicants who applied for allotment of shares in response to a private placement offer of securities made by the company to them. Select the latest date by which the company must allot the shares against the application money so received.
- (a) 9th November, 2019
  - (b) 24th November, 2019
  - (c) 9th December, 2019.
  - (d) 8th January, 2020
14. Being in need of further capital, Rimsi Cotton-Silk Products Limited offered 50 lacs equity shares of ₹ 1 each to 50 identified persons on 'private placement' basis and accordingly a letter of offer accompanied by application the necessary form was sent to them after fulfillment of due formalities including passing of special resolution. One of the applicants Rajan made a written complaint to the company highlighting the fact that the offer letter was incomplete as well as illegal, as it did not

contain 'renunciation clause' as he wanted to exercise his 'right of renunciation' in favour of his son Uday. By choosing the correct option, advise the company in this matter.

- (a) As the 'Right of Renunciation' cannot be denied, the company needs to rectify its mistake by including the same in the offer letter and the application form.
  - (b) The company is prohibited from providing 'Right of Renunciation' so the offer letter and the application form need not include any such clause.
  - (c) Instead of absolute prohibition, the company can provide 'Right of Renunciation' limited to twenty five percent of offering.
  - (d) Instead of absolute prohibition, the company can provide 'Right of Renunciation' limited to fifty percent of offering.
15. Neptune Metal Tools Limited was incorporated on 2<sup>nd</sup> December, 2018 with twenty-five subscribers and authorised capital of ₹ 50,00,000 (5,00,000 equity shares of ₹ 10 each). The directors of the company are in a dilemma whether to issue share certificates to the subscribers in physical form or in dematerialized form. Advise them correctly on this matter:
- (a) Being an unlisted company, Neptune may either issue physical share certificates to the subscribers or alternatively, issue them in dematerialized form.
  - (b) Neptune needs to issue shares to the subscribers only in dematerialized form.
  - (c) A company having more than 100 shareholders needs to issue shares in dematerialized form and therefore, Neptune may issue physical share certificates to the subscribers.
  - (d) A company having authorised capital of fifty lakhs and above needs to issue shares in dematerialized form and therefore, Neptune may issue physical share certificates to the subscribers.
16. Commission is permitted to be paid to any underwriter by the company only in respect of an offer of securities:
- (a) where securities are offered on rights basis
  - (b) where securities are offered in the form of bonus issue
  - (c) where securities are offered on private placement basis
  - (d) where securities are offered to the public for subscription
17. In case of 'offer of sale of shares by certain members of the company', which of the following options is applicable:
- (a) The provisions relating to minimum subscription are not applicable
  - (b) Entire minimum subscription amount is required to be received within three days of the opening date
  - (c) 25% of the minimum subscription amount is required to be received on the opening date and the remaining 75% within three days thereafter
  - (d) 50% of the minimum subscription is required to be received by the second day of the opening date and the remaining 50% within next three days after the second day

18. The time limit within which a copy of the contract for the payment of underwriting commission is required to be delivered to the Registrar is:
- (a) Three days before the delivery of the prospectus for registration
  - (b) At the time of delivery of the prospectus for registration
  - (c) Three days after the delivery of the prospectus for registration
  - (d) Five days after the delivery of the prospectus for registration

Super Fabrics Limited is a listed entity. It finalised its annual accounts for the year ended on 31<sup>st</sup> March, 2023. The Audit Committee recommended it and subsequently the Board approved the same.

Annual General meeting of the shareholders was convened on 25<sup>th</sup> August, 2023, in which the annual accounts of the company were presented before the shareholders. The shareholders have approved dividend @ 10%.

A report of the Board of Directors was attached with the annual accounts of the company.

During the said meeting, a shareholder pointed out that during the year of 2022-23 there was a big news in the media and newspaper that a fraud has happened in the company of an amount of ₹ 75 lakh, with the involvement of a senior management official of the company, who is absconding since the news came into media. However, there was no mention about the fraud in the Auditor's Report as well as no comment in the Board's Report. The auditor, who was also present in the General Meeting of the shareholders, informed that fraud was detected during the course of audit but no further action was taken by him (auditor)

**Based on the above facts, answer the following 19 to 22 MCQs**

19. Going by the facts of the case, by what date should the amount be deposited in a separate account maintained with the scheduled bank for dividend purposes?
- (a) By 30<sup>th</sup> August 2023
  - (b) By 1<sup>st</sup> September 2023
  - (c) By 7<sup>th</sup> September 2023
  - (d) By 24<sup>th</sup> September 2023
20. By what date should the dividend declared in the meeting, be paid to the members of the company?
- (a) By 30<sup>th</sup> August 2023
  - (b) By 1<sup>st</sup> September 2023
  - (c) By 7<sup>th</sup> September 2023
  - (d) By 24<sup>th</sup> September 2023
21. With regard to preservation of the books of Super Fabrics Limited, the books of accounts for the Financial Year (FY) 2022-23 needs to be kept in good order until at least which of the following years?
- (a) FY 2027-28
  - (b) FY 2028-29
  - (c) FY 2029-30
  - (d) FY 2030-31

22. The auditor had noticed that a fraud was committed by the senior management. Which is the correct statement in this respect:
- (a) The auditor shall report the matter to the Central Government immediately.
  - (b) It is not necessary to disclose the details of fraud in the Board's Report
  - (c) The auditor shall report the matter to the audit committee constituted under section 177 or to the Board.
  - (d) Since the Senior Management Personnel is absconding, the auditor is not required to take any action.
23. Every company shall pay a penal rate of interest of \_\_\_\_\_ per annum for the overdue period in case of deposits, whether secured or unsecured, matured and claimed but remaining unpaid.
- (a) 9%
  - (b) 14%
  - (c) 18%
  - (d) 24%
24. Wood Apple Limited accepts 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 minimum period for which it should mandatorily 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.
25. One Person Company shall file a copy of the duly adopted financial statements to the Registrar in:
- (a) 30 days of the date of meeting in which it was adopted.
  - (b) 90 days of the date of meeting in which it was adopted.
  - (c) 90 days from the closure of the financial year.
  - (d) 180 days from the closure of the financial year.
26. \_\_\_\_\_ means that when two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense.
- (a) Noscitur a Sociis
  - (b) Contemporanea Expositio
  - (c) prima facie
  - (d) absoluta sententia expositore non indigent



27. Pick the odd one out of the following aids to interpretation:
- (a) Preamble
  - (b) Marginal Notes
  - (c) Proviso
  - (d) Usage
28. The Registrar shall keep a register of charges which shall be open to inspection by \_\_\_\_\_ on payment of fee:
- (a) the company
  - (b) the charge holder
  - (c) holder
  - (d) any person
29. ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2023, the Securities and Exchange Board of India (SEBI) has found some irregularities in the filings made by the company. Accordingly, SEBI proposes to make an application to the Tribunal for reopening of the books of accounts of the Company. You, as an expert, are called upon by SEBI to advise with which last financial year for reopening of books of accounts an application can be made?
- (a) 2016-2017
  - (b) 2014-2015
  - (c) 2011-2012
  - (d) 2012-2013
30. When there is a conflict between two or more statutes or two or more parts of a statute then which rule is applicable:
- (a) Welfare construction
  - (b) Strict construction
  - (c) Harmonious construction
  - (d) Mischief Rule

**DIVISON B****(70 Marks)****SUBJECTIVE QUESTIONS**

---

*Note: Question no. 1 is compulsory. Answer any three questions from the rest.*

---

**Question 1 (a)****(3 Marks)**

Mr. Raman, a Chartered Accountant, was appointed as an auditor of Surya Distributors Ltd., in the AGM of the company held in August, 2020, in which he accepted the assignment. Later on, in November, 2020, he joined as a partner in the Consultancy firm where Mr. Som is also a partner. Mr. Som is also working as a Finance executive of Surya Distributors Ltd. Explaining the provisions of the Companies Act, 2013, decide whether Mr. Raman is required to vacate the office as an auditor.

**Question 1 (b)****(3 Marks)**

Managing Director of ABC Ltd. himself appointed Mr. Aakash, a practicing chartered accountant as first auditor of the company. Is it a valid appointment? Also explain the provisions of the Companies Act, 2013, in this regard?

**Question 1 (c)****(3 Marks)**

The Board of Directors of ABC Limited at its board meeting declared dividend on its paid-up equity share capital which was later on approved by the company's Annual General Meeting. In the meantime, the directors diverted the amount of total dividend to be paid to shareholders for purchase of investments for the company. Due to this dividend was paid to shareholders after 45 days declaration.

Examining the provisions of the Companies Act, 2013, state whether the act of directors is in violation of the provisions of the Companies Act, 2013. Also explain what are the consequences of the above act of directors.

**Question 1 (d)****(6 Marks)**

ESPN Heavy Engineering Ltd. is a listed entity engaged in the business of providing engineering solutions to clients across the country. The company followed consistent growth over the years. Rate of Declaration of dividend in immediately preceding three financial years were 15%, 20%, and 25%.

Unfortunately, due to obsolescence of a special part of machinery, company incurred losses in current financial year.

Even though, during the financial year 2021-22, the company declared interim dividend of 10% on the equity shares.

The Board of Directors of the company approved the financial result for the financial year 2021-22 in its meeting held on 5th August, 2022, and recommended a final dividend of @15% in this board meeting.

The general meeting of the shareholders was convened on 31 st August, 2022. The shareholders of the company demanded that since interim dividend @10% was declared by the company, so the final dividend should not be less than 20%. It was also submitted that Rate of Declaration of dividend in immediately preceding three years were 15%, 20% and 25%, but the Company Secretary emphasised that final dividend cannot be increased.

- (i) Whether company can declare interim dividend, if company incurred losses during the current financial year? What should be correct rate interim dividend?

- (ii) Do you think decision of Company Secretary is correct? What should be correct rate of final dividend? Justify your answer with reference to provisions of the Companies Act, 2013.

**Question 1 (e)****(4 Marks)**

A fraud was reported to SFIO by Statutory Auditors of PQ Ltd. in the current financial year 2021-22. A Competent Authority during the investigation observed that there is a need to re-open the accounts of PQ Ltd. for the financial year 2015-16 and therefore, they filed an application before the National Company Law Tribunal (NCLT) to issue the order against PQ Ltd. for re-opening of its accounts and recasting the financial statements for the financial year 2015-16. Examine the validity of the application filed by the Competent Authority to NCLT.

**Question 2 (a)****(4 Marks)**

RD Ltd. issued a prospectus. All the statements contained therein were literally true. It also stated that company had paid dividends for a number of years but did not disclose the fact that the dividends were not paid out of trading profits but out of capital profits. An allottee of shares claims to avoid the contract on the ground that the prospectus was false in material particulars. Decide that the argument of shareholder, as per the provision of the Companies Act, 2013, is correct or not?

**Question 2 (b)****(5 Marks)**

Referring the provisions of the Companies Act, 2013, regarding appointment of auditors, answer the following:

- (i) XYZ Ltd. is a newly established company owned by the Central Government. State the provisions regarding appointment of its first auditor.
- (ii) Mr. Kamal is the auditor of XYZ Limited, which is a Government company. He has resigned on 31st December, 2020 while the financial year of the company ends on 31st March, 2021. Explain the provisions regarding filling or such vacancy. Would your answer differ if it is other than a Government company?

**Question 2 (c)****(4 Marks)**

Explain the Mischief Rule / the rule in Heydon's case for interpretation of statute. Also give four matters it considers in construing an Act.

**Question 2 (d)****(4 Marks)**

L Ltd. having 2,000 members with paid-up capital of ₹ 1 crore, decided to hold its Annual General Meeting (AGM) on 21st August, 2022. On 2nd July, 2022, 50 members holding paid-up capital of ₹ 6 lakh in aggregate, has given notice of their intention for a resolution to be passed at the Annual General Meeting for appointing Dawar & Co., as its Statutory auditor from Financial Year 2022-23 onwards, instead of its existing Statutory auditor, SNS & Co. which was originally appointed for 5 years term and had completed only 3 years term.

When such notice was received by existing auditors, they sent a representation in writing to the company along with a request for its notification to the members of the company.

In the context of aforesaid facts, answer the following question(s) according to provisions of the Companies Act, 2013:

- (i) Whether the said notice was given by adequate number of members and within the prescribed time limit to L Ltd.?
- (ii) Whether the company was bound to send such representation to its members made by SNS & Co?

**Question 3 (a)**

**(4 Marks)**

Diya Limited, incorporated under the provisions of the Companies Act, 2013, has two subsidiaries – Jai Limited and Vijay Limited. All the three companies have prepared their financial statements for the year ended 31st March, 2021. Examining the provisions of the Companies Act, 2013, explain in what manner the subsidiaries– Jai Limited and Vijay Limited shall prepare their Balance Sheet and Statement of Profit & Loss?

**Question 3 (b)**

**(4 Marks)**

The Companies Act, 2013 has prescribed an additional duty on the Board of directors to include in the Board's Report a 'Directors' Responsibility Statement'. Briefly explain any three matters to be furnished in the said statement.

**Question 3 (c)**

**(4 Marks)**

A confusion, regarding the meaning of 'financial year' arose among the financial executive and accountant of a company. Both were having different arguments regarding the meaning of financial year & calendar year. What is the correct meaning of financial year under the provision of the General Clauses Act, 1897? How it is different from calendar year?

**Question 3 (d)**

**(5 Marks)**

Mr. Raj is an employee of DSP Trading Pvt Ltd. As per his contract of employment, his annual salary is ₹5,00,000. Mr. Raj paid to the company ₹ 5,30,000 in the nature of non- interest bearing security deposit. Referring to the provisions of the Companies Act, 2013, define deposit and decide whether this amount received from Mr. Raj will be considered as deposit as per rule 2(1)(c)?

**Question 4 (a)**

**(4 Marks)**

"Whenever an Act is repealed, it must be considered as if it had never existed." Comment and explain the effect of repeal under the General Clause Act, 1897.

**Question 4 (b)**

**(4 Marks)**

Explain the Doctrine of Contemporanea Expositio.

**Question 4 (c)**

**(5 Marks)**

City Bakers Limited obtained a term loan of ₹ 1,00,00,000 from DNB Bank Ltd. The loan was granted by the bank by creating a charge on one of its office buildings and the charge was duly registered within 20 days

from the date of creation of charge. Will such registration of charge be deemed to be a notice of charge to any person who wishes to lend money to the company against the security of such property? Also explain the extension of time limit of its registration with the provisions under the Companies Act, 2013.

**Question 4 (d)**

**(4 Marks)**

“No shall be prosecuted and punished for the same offence more than once.” Explain in the light of provisions of section 26 of the General Clauses Act, 1897.

**Question 5 (a)**

**(6 Marks)**

Examine that following offers of ABC Limited are in compliance with provisions of the Companies Act, 2013, related to private placement or should these offers be treated as public:

- (i) ABC limited wants to raise funds for its upcoming project. It has issued private placement offer letters to 55 persons in their individual name to issue its equity shares. Out of these four are qualified institutional buyers.
- (ii) If in case (i) before allotment under this offer letter company issued another private placement offer to another 155 persons in their individual name for issue of its debentures.
- (iii) Being a public company can it issue securities in a private placement offers?

**Question 5 (b)**

**(6 Marks)**

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.

- (i) Bhupendra, one of the Directors of Moon Technology Private Limited, a start-up company, requested his close friend Paras to lend to the company ₹ 20.00 lacs in a single tranche by way of a convertible note repayable within a period of six years from the date of its issue. Advise whether it is a deposit or not.
- (ii) Shriram Readymade Garments Limited wants to accept deposits of ₹ 50.00 lacs from its member for tenure, which is less than six months. Is there any possibility to do so?
- (iii) The turnover of Y Ltd. is ₹ 400 crore as per last audited financial statement and net worth is ₹ 50 crores. Can Y Ltd. accept deposits from the public as per section 73 of the Companies Act, 2013?

**Question 5 (c)**

**(5 Marks)**

MBL Pharmaceutical Limited is committed to provide quality medicines at an affordable cost through relentless pursuit of excellence in its operations, product quality, documentation and services. The company is now focusing on oncology therapeutics & other generics with a vision to be a Global Leader in Oncology. The prospectus issued by the company contained some important extracts of the expert's report on research by oncology department. The report was found untrue. Mr. Diwakar purchased the shares of MBL Pharmaceutical Limited on the basis of the expert's report published in the prospectus. Will Mr. Diwakar have any remedy against the company? State also the circumstances where an expert is not liable under the Companies Act, 2013.

<b>SPACE FOR ROUGH WORK</b>
-----------------------------