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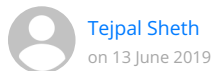


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# Solved Paper of Corporate & Other Laws (CA Inter) May 19



Tejpal Sheth  
on 13 June 2019

**Q-1(a) As at 31st March, 2018, the paid-up share capital of S Ltd. is Rs. 1,00,000 divided into 10,00,000 equity shares of Rs. 10 each. Of this, H Ltd. is holding 6,00,000 equity shares and 4,00,000 equity shares are held by others. Simultaneously, S Ltd. is holding 5% equity shares of H Ltd. out of which 1% shares are held as legal representative of deceased member of H Ltd. on the basis of the given information, examine and answer the following queries with reference to the provisions of the Companies Act, 2013:**

- I. Can S Ltd. make further investment in equity shares of H Ltd. during 2018-19?
- II. Can S Ltd. exercise voting rights at Annual General Meeting of H Ltd.?
- III. Can H Ltd. allot or transfer some of its shares to S Ltd.?

### Answer

In the given case, it can be understood that H Ltd. is holding company of S Ltd. Section 19 of Companies Act, 2013 contain provisions for holding of shares by subsidiary company into holding company.

I. Subsidiary company cannot purchase further shares into holding company or holding company cannot allot further shares to its subsidiary company after establishment of relation of holding and subsidiary. Hence, S Ltd. cannot make investment in equity shares of H Ltd. during 2018-19.

II. Subsidiary company has right to vote at meeting of holding company only in respect of shares held by it as legal representative or as a trustee. Here, S Ltd. is holding 1% shares as legal representative of deceased member of H Ltd. For

those shares (i.e., 1%) it has voting right.

III. Holding company cannot transfer or allot shares. If it allots shares, allotment will be void.

**Q-1(b) (i) Modern Jewellery Ltd. decides to pay 5% of the issue price gap of shares as underwriting commission to the underwriters, but the Articles of the company authorise only 4% underwriting commission on shares. Examine the validity of the above decision under the provisions of the Companies Act, 2013.**

**Answer**

Please refer answer to question no. 1 from past examination question of Chapter no. 4A – Share Capital (Allotment of Shares, Capital & Alteration of Capital)

**Q-1(b) (ii) PQ Ltd. declared and paid 10% dividend to all its shareholders except Mr. Kumar, Holding 500 equity shares, who instructed the company to deposit the dividend amount directly in his bank account. The company accordingly remitted the dividend, but the bank returned the payment on the ground that the account number as given by Mr. Kumar doesn't tally with the records of the bank. The company, however, did not inform Mr. Kumar about this discrepancy. Comment on this issue with reference to the provisions of the Companies Act, 2013 regarding failure to distribute dividend.**

**Answer**

Please refer answer to question no. 13 from past examination question of Chapter no. 8 – Declaration of Dividend.

**Q-1(c) The Government of India is holding 51% of the paid-up equity share capital of Sun Ltd. The Audited financial statements of Sun Ltd. for the financial year 2017-2018 were placed at its annual general meeting held on 31st August, 2018. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. On receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 15th October, 2018 whereat the accounts were adopted. Thereafter, Sun Ltd. filed its financial statements relevant to the financial year 2017-18 with the Registrar of Companies on 12th November, 2018. Examine with reference to the applicable provisions of the Companies Act, 2013, whether Sun Ltd. has complied with statutory requirement regarding filing of accounts with the Registrar?**

**Answer**

- As per section 137, if Annual General Meeting is not held, the financial statement along with documents duly signed along with statement of facts and reason for not holding the Annual General Meeting should be filed within 30 days

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from the latest date on or before which that meeting should have been held. If not filed within 30 days, filing may be done within 30 days with additional filing fees.

- Every company shall convey Annual General Meeting within period of 6 months from end of financial year. Adjourned meeting should be held within stipulated time limit of 6 months (i.e. on or before 30th September, 2018).
- If financial statements are placed before Annual General Meeting but not adopted at Annual General Meeting, it should be filed with all specified documents with Registrar within 30 days of Annual General Meeting.
- Registrar should take note of unadopted financial statements on records as provisional until the financial statements are filed with him after their adoption in adjourned Annual General Meeting. If Annual General Meeting is held on 15 October 2018, the financial statements along with attachments specified for financial year of 2018 should be filed with the Registrar of Companies by 13th November 2018. In the given case it has been filed by company on 12th November, 2018. Company has not complied with provisions regarding filing of annual financial statements.

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