

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

- NOTE :** 1. Answer SIX questions including Question No.1 which is compulsory.  
2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. Comment on any four of the following :
  - (i) Certain companies are exempted from the provisions of section 58A of the Act.
  - (ii) Chairman of the general meeting of a company can follow any of the methods for ascertaining sense of the meeting.
  - (iii) The quorum for Board meeting should be present throughout the meeting.
  - (iv) A certificate of incorporation is the conclusive evidence that all the requirements of the Companies Act, 1956 have been complied with.
  - (v) All investments made by a company must be held by it in its own name.

(5 marks each)
  
2. State, with reasons and relevant legal provisions/case law, wherever applicable, whether the following statements are correct or incorrect. Attempt any four :
  - (i) Company form of business organisation is not a popular form of business organisation.
  - (ii) Foreign company has opened an office for operating bank accounts in India. Hence it is supposed to 'carry on business' in India.
  - (iii) Where the outsider has knowledge of irregularity, the doctrine of indoor management protects the outsider.
  - (iv) Stock exchange registered under the Companies Act, 1956 can carry a provision in their articles of association empowering directors to expel any member of the company under any of the given conditions.
  - (v) Registrar of Companies has power to condone the delay beyond 30 days of the date of satisfaction of charge and allow filing of satisfaction of charge.

(4 marks each)
  
3. (a) Re-write the following sentences after filling-up the blank space with appropriate word(s)/figure(s) so as to convey the correct meaning :
  - (i) Statutory auditor is appointed by shareholders at every \_\_\_\_\_.
  - (ii) Every company must have a registered office within \_\_\_\_\_ days of its incorporation or from the day it begins to carry on business.
  - (iii) Balance of unclaimed dividend has to be transferred to \_\_\_\_\_ after seven years.

- (iv) Additional director is appointed by \_\_\_\_\_.
- (v) For calling a general meeting of shareholders, a notice of \_\_\_\_\_ is required.
- (vi) Due diligence certificate is required to be issued by \_\_\_\_\_ at the time of public issue of shares.

(1 mark each)

- (b) The doctrine of *ultra vires* is a protection to the shareholders of the company. Discuss.

(6 marks)

- (c) Dinesh, one of the joint-holders of shares of a company, sent a requisition to the company to split the shares equally amongst him and the other joint-holders, by issuing fresh share certificates. State whether the company is bound to comply with this requisition.

(4 marks)

- 4. (a) Distinguish between *any two* of the following :

- (i) 'Forfeiture of shares' and 'surrender of shares'.
- (ii) 'Whole-time director' and 'managing director'.
- (iii) 'Preliminary contracts' and 'provisional contracts'.

(4 marks each)

- (b) The chairman at a Board meeting counts 6 votes in favour and 7 votes against the resolution. Can the chairman cast his own vote, which he had not exercised earlier, in favour of the resolution and also the casting vote which the articles of association authorise, and declare the resolution as passed ?

(4 marks)

- (c) Amol, a non-member of Shristhi Ltd., has been appointed as a director of the company. Later on, he has become the chairman of the company. In an annual general meeting of Shristhi Ltd., Amol presided over the meeting. Zahir, a member of the company, objected to his chairmanship on the ground that Amol is not a member of the company. Discuss the validity of the objection.

(4 marks)

- 5. (a) Discuss the provisions relating to change of name of a company.

(4 marks)

- (b) Briefly discuss the doctrine of *cypres*.

(4 marks)

- (c) A private limited company in its articles of association provides a format of 'proxy form' different from the one prescribed by the Companies Act, 1956 in Schedule IX.

A shareholder submits an instrument appointing proxy to the company in the form as prescribed in Schedule IX. But the company rejects the proxy on the ground that it is not in the form prescribed in its articles of association. Is the rejection valid ? Discuss citing legal provisions.

(4 marks)

- (d) A public limited company forfeited 80 equity shares and re-issued the same which resulted in earning a surplus of Rs.2,000. The company did not file return of allotment with the Registrar of Companies in respect of re-issued shares. Explain whether the company has contravened any provision of the Companies Act, 1956 by non-filing of the return.

(4 marks)

6. (a) Can a company reduce its share capital without sanction of the court ?

(4 marks)

- (b) Explain the circumstances when a person ceases to be a member of a company.

(4 marks)

- (c) Anant buys 20 shares of a public company from Basant through a stock broker. Anant receives the share certificate and the blank transfer deed countersigned by Basant but does not lodge the transfer deed for registration. Examine the legal effect of unregistered transfer between the transferor and the transferee.

(4 marks)

- (d) A meeting of the Board of directors of a company was convened on 31<sup>st</sup> December, 2007 to discuss some important matters. 5 Directors out of 7 directors write to the chairman that they would like to attend the meeting but could not do so due to other pre-occupations. The last meeting was held on 29<sup>th</sup> September, 2007. Advise the chairman.

(4 marks)

7. (a) What is 'corporate veil' ? State the circumstances when it can be lifted.

(8 marks)

- (b) What are the provisions for payment of interest out of capital ?

(4 marks)

- (c) Discuss the rule of *Foss vs Harbottle*.

(4 marks)

8. (a) Write short notes on *any two* of the following :

- (i) Minimum subscription
- (ii) Red-herring prospectus
- (iii) Sweat equity shares
- (iv) Illegal association.

*(4 marks each)*

- (b) In a public limited company, some group of rich people joined and have acquired by paying very high prices of shares, a controlling interest. The company is well managed showing very good profits in the last three years. They want to appoint their own nominees as directors of this prosperous company. It is considered that this change in the Board of directors would prejudicially affect the affairs of the company. Discuss whether this change in the composition of Board of directors can be prevented.

*(4 marks)*

- (c) In a general meeting of Kutumbh Ltd. only 15 shareholders were present. For a special resolution, only 9 out of 15 shareholders voted for the resolution, 2 voted against the special resolution and 4 did not vote at all. No poll was demanded and chairman of the meeting declared the special resolution to be carried. Examine the validity of the resolution.

*(4 marks)*

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