

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8  
Total number of printed pages : 6

- 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) "A promoter is not a trustee or agent for the company, but he stands in a fiduciary position towards it."
  - (ii) "Members of a limited company may nevertheless have unlimited liability."
  - (iii) "A company does not have unlimited powers to alter its articles of association."
  - (iv) "The directors have uncontrolled and unfettered powers to refuse registration of transfer of shares."
  - (v) "Every company must have a whole-time Secretary."
  - (vi) "A company can accept deposits without issuing advertisement."

(5 marks each)

2. (a) State with reasons and relevant legal provisions/ case law, if any, whether the following statements are correct or incorrect. Attempt *any five* :

- (i) A public limited company can commence business immediately on incorporation.
- (ii) Hire-purchase and leasing transactions lead to 'borrowing'.
- (iii) Share certificate is an official publication.
- (iv) The place from which a representative of a foreign company in India conducts meetings of shareholders or even directors, and procures orders from customers is a 'place of business' of the foreign company.
- (v) Modification of charge in the event of change in law requires registration.
- (vi) Raja, a director of Empire Ltd., resigned his directorship. He is liable to file Form No.32 with the Registrar of Companies.

*(2 marks each)*

- (b) Write short notes on *any two* of the following :
- (i) Shelf prospectus
  - (ii) Modes of acquiring membership
  - (iii) Director's identity number (DIN).

*(3 marks each)*

3. (a) What are the consequences of non-registration of a charge ?
- (b) Whether a member of a company can be expelled ? Discuss with reference to a case law.
- (c) A listed company is having an executive chairman. Explain the provisions regarding composition of the Board of directors in terms of the listing agreement.

- (d) Define 'small depositors' and state how their interest is safeguarded.

*(4 marks each)*

4. (a) What is 'forfeiture of shares' ? State the procedure for forfeiture of shares.

*(10 marks)*

- (b) Re-write the following sentences after filling-up the blank space with appropriate word(s) so as to convey the correct meaning :

- (i) An incorporated company has \_\_\_\_\_ succession.
- (ii) The statutory report shall be forwarded to every member of the company at least \_\_\_\_\_ days before the day on which the meeting is to be held.
- (iii) The maximum amount of fine under section 193 for not recording the minutes of the Board of directors and general meetings is Rs. \_\_\_\_\_.
- (iv) An explanatory statement must be annexed to the notice for the general meeting according to section 173 for consideration of \_\_\_\_\_ business at a general meeting.
- (v) A dividend once declared cannot be revoked except with the consent of the \_\_\_\_\_.
- (vi) In terms of Clause 47 of the listing agreement, Compliance Officer shall be \_\_\_\_\_ of the company.

*(1 mark each)*

5. Distinguish between *any four* of the following :

- (i) 'Reserve capital' and 'capital reserve'.
- (ii) 'Interim dividend' and 'final dividend'.
- (iii) 'Motion' and 'resolution'.
- (iv) 'Revocable trust' and 'irrevocable trust'.
- (v) 'Debenture' and 'loan'.

*(4 marks each)*

6. (a) State the provisions of the Companies Act, 1956 regarding issue of shares at a premium. For what purpose the share premium may be applied ?

*(5 marks)*

(b) Gomez, the chairman of a company, borrowed Rs.5 lakh from the State Bank of India, Patna under a promissory note. A suit was filed for the recovery of debts on the basis of the pronote executed by the chairman. The company refused to accept the liability on the plea that the chairman had borrowed funds without authorisation from the company. Will the company succeed ? Explain.

*(5 marks)*

(c) Garima Ltd., a public company in which 32% of the subscribed capital is held by the Central Government, wishes to reappoint Lal Pal & Co. as its auditors in the annual general meeting proposed to be held on 30<sup>th</sup> June, 2007. Advise Garima Ltd. about the procedure to be followed in this regard.

*(6 marks)*

7. (a) The name of Piyush is found entered in the register of members of a company. But, Piyush contends that he is not a member of the company. The company maintains that Piyush had orally agreed to become a member of the company, and hence, his name was entered in the register and so he is a member. Is the contention of Piyush valid ?

*(5 marks)*

- (b) An annual general meeting of Hum Log Ltd. called on 30<sup>th</sup> December, 2004 was adjourned to 31<sup>st</sup> March, 2005, and was held on that date. The next meeting was held in February, 2006. Can the company be held liable for not holding any meeting in 2005 ?

*(5 marks)*

- (c) A proxy was appointed by a member on an instrument duly executed. Will the vote cast by the proxy be valid in the following cases :
- (i) When the member himself attended and cast his vote at the meeting without revoking the authority of the proxy; and
  - (ii) When the member died in the meantime ?

*(3 marks each)*

8. (a) Explain the provisions relating to 'no compensation to sole-selling agent for loss of office' under section 294A.

*(5 marks)*

- (b) A company was in dire need of further capital. The majority representing 98% of the shares

were willing to provide the capital if they could buy-up the 2% minority shares. The majority passed a resolution altering the articles and enabling them to purchase the minority shares. The minority shareholders refused to surrender their shares and challenged the validity of the majority resolution. Decide.

*(5 marks)*

- (c) 40 out of 100 members of a company submitted a requisition for holding of an extraordinary general meeting in order to remove the managing director from the office. On the failure of the company to call the meeting, the requisitionists themselves called the meeting at the registered office of the company. On the appointed date, they could not hold the meeting at the registered office, as it was kept under lock and key by the managing director himself. The members held the meeting elsewhere and adopted a resolution removing the managing director from office. Is the resolution valid ? Give reason.

*(6 marks)*

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