

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) A company has a statutory right to alter its articles of association.
- (ii) 'Red-herring prospectus' means a prospectus which has complete particulars on the price of the securities offered and the quantum of securities offered.
- (iii) The power of directors to approve the annual accounts can be delegated to a committee of directors or some of the directors.
- (iv) There are no shareholders in a limited liability partnership, instead there are partners.
- (v) In case of a company, the terms 'winding-up' and 'dissolution' convey the same meaning.

(5 marks each)

2. (a) Choose the most appropriate answer from the given options in respect of the following :

- (i) Where the auditor of a company resigns, the vacancy arising therefrom can be filled by the company only at --
 - (a) General meeting
 - (b) Board meeting
 - (c) Audit committee meeting
 - (d) None of the above.
- (ii) The invitation and acceptance of deposits by non-banking non-financial companies in India is regulated by --
 - (a) The Reserve Bank of India Act, 1934
 - (b) The Securities and Exchange Board of India Act, 1992
 - (c) The Companies Act, 1956
 - (d) None of the above.

- (iii) The Companies Act, 1956 allows a company to re-convert its stock into --
- (a) Fully paid-up equity shares
 - (b) Partly paid-up equity shares
 - (c) Unpaid equity shares
 - (d) Uncalled shares.
- (iv) In the case of incorporation of an Asset Management Company (AMC), the memorandum of association and articles of association are required to be vetted by which of the following authority before these documents are registered by the Registrar of Companies --
- (a) R O C
 - (b) SEBI
 - (c) RBI
 - (d) NSDL.
- (v) Which of the following is correct in respect of a public limited company in India --
- (a) Business can be commenced immediately on incorporation
 - (b) No need to have more than two directors
 - (c) There is no restriction on remuneration payable to directors
 - (d) The number of members is unlimited.
- (1 mark each)*
- (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) A private company, which is a subsidiary of a company which is not a private company, is a _____ company.
 - (ii) All contracts which are purported to be made on behalf of a company before its incorporation are known as _____ contracts.
 - (iii) The issue of ESOPs or Employees Stock Option Scheme shall be subject to approval of shareholders through a _____ resolution.
 - (iv) Sweat equity shares issued to employees or directors shall be locked-in for a period of _____ from the date of allotment.
 - (v) When a company makes buy-back of shares or securities, the buy-back operations shall be completed within _____ from the date of passing of the special resolution or a resolution passed by the Board.
- (1 mark each)*
- (c) Discuss the various methods by which sense of a meeting is ascertained.

(6 marks)

3. (a) Discuss the requirements for keeping the minutes book of general meetings.
(4 marks)
- (b) Discuss briefly the voting rights of a proxy.
(4 marks)
- (c) State whether a Board meeting of a company can be held at any place.
(4 marks)
- (d) What is the effect of crystallisation of a floating charge ?
(4 marks)
4. (a) In the case where the shares of a company are held in joint-names of two persons Arpit and Rakshit and one of these joint-holders requests the company to split the shares equally between them by issuing fresh share certificates, what should the company do ?
(4 marks)
- (b) Layman is a holder of a share warrant in Ontime Fliers Ltd., a public limited company. Unfortunately, Layman is unaware of any of the formalities to be complied with for transferring the said share warrant. Advise him about the formalities to be completed in this regard.
(4 marks)
- (c) Four types of persons, viz., a section 25 company, an insolvent individual, a trade union and a pawnee, apply for membership in your public limited company. Will you accept them as members of your company ? Why ?
(4 marks)
- (d) A company has forfeited shares of a defaulting shareholder for non-payment of call money. However, the defaulting shareholder approaches the Board after forfeiture of shares to cancel the said forfeiture. What should the Board do ? Give your advice.
(4 marks)
5. (a) Abhay is director in two companies -- Goodluck India Pvt. Ltd. and Lucky Winners India Pvt. Ltd. Abhay attended Board meetings of these two companies on 22nd August, 2009 in the same building 'Welcome House' at 2 p.m. and 4 p.m. respectively.
- (i) Can Abhay draw travelling allowance from both the companies ?
- (ii) Is he entitled to receive sitting fees fully from both the companies ?
(6 marks)
- (b) Rani is a wealthy lady enjoying large dividend and interest income. She has formed three private companies and agreed with each of them to hold a block of investment as an agent for it. Income received was credited in the accounts of the company but the company handed back the amount to her as a pretended loan. This way, she divided her income in three parts in a bid to reduce her tax liability. Discuss the legality of the purpose for which the three companies were formed.
(5 marks)

- (c) Carefree is an officer of Cosy Cosy Ltd., who is authorised to sign on behalf of the company any contract, bill of exchange, hundi, promissory note, cheque, or order for money or goods. In these circumstances, Carefree signs a cheque on behalf of the company without mentioning the name of the company. Who is liable to the holder in such a case ?

(5 marks)

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

- (i) 'Company' and 'corporation'.
- (ii) 'Nominal capital' and 'subscribed capital'.
- (iii) 'Shares' and 'stock'.
- (iv) 'Whole-time chairman' and 'part-time chairman'.
- (v) 'Insolvency of an individual/firm' and 'winding-up of a company'.

(4 marks each)

7. State, with reasons in brief, whether the following statements are correct or incorrect :

- (i) The members of an unlimited company are liable directly to the creditors of the company.
- (ii) A promoter has legal right to claim promotional expenses for his services.
- (iii) Preference shares are non-cumulative unless expressly stated to be cumulative.
- (iv) A charge created orally shall also require registration.
- (v) A return of allotment in e-form 2 is required to be filed with the Registrar of Companies even if a single share is allotted by a company.
- (vi) The prospectus must be dated.
- (vii) A company is required to obtain approval of the debenture trustees for any distribution of dividend.
- (viii) Additional directors can be appointed only by public companies.

(2 marks each)

8. Write notes on **any four** of the following :

- (i) Disadvantages of corporate form of enterprise
- (ii) Remuneration of promoters
- (iii) Alternate directors
- (iv) Passing of resolution by postal ballot
- (v) Independent directors.

(4 marks each)

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