

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 7

- 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) The liability of member to pay their guaranteed amount arises only when the company has gone into liquidation and not when it is a going concern.
- (ii) The managing director and other directors of a company are not liable to be sued for dues against a company.
- (iii) The competent court of law can entertain a petition for winding-up of an illegal association under company law.
- (iv) A company can be regarded as having enemy character under certain circumstances.
- (v) Preference shares are non-cumulative unless expressly stated to be cumulative.

(5 marks each)

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

- (i) Which of the following is not a 'public corporation' within the meaning of company law —
 - (a) Life Insurance Corporation of India
 - (b) Damodar Valley Corporation
 - (c) State Trading Corporation of India Ltd.
 - (d) None of the above.
- (ii) All contracts which are purported to be made on behalf of a company before its incorporation are known as —
 - (a) Preliminary contracts
 - (b) Provisional contracts
 - (c) Commercial contracts
 - (d) None of the above.

- (iii) Which of the following financial institution shall not be regarded for the purposes of the Companies Act, 1956 as 'public financial institution' (PFI) —
- (a) Life Insurance Corporation of India
 - (b) Infrastructure Development Finance Company Ltd.
 - (c) Unit Trust of India
 - (d) Sundaram Finance Ltd.
- (iv) Which of the following is incorrect as regards creditors of a partnership firm —
- (a) Creditors of a partnership firm are creditors of individual partners
 - (b) A decree against the firm can be executed against the partners jointly and severally
 - (c) Both (a) and (b) above
 - (d) None of the above.
- (v) Under section 252, every public company shall have at least —
- (a) Three directors
 - (b) Two directors
 - (c) Five directors
 - (d) Seven directors.
- (vi) Under section 285, in the case of every company, a meeting of the Board of directors shall be held —
- (a) At least once in every three months
 - (b) At least once in every six months
 - (c) At least once in every four months
 - (d) At least once in every two months.

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- (vii) Appointment of a whole-time Company Secretary is mandatory for every producer company in case where average annual turnover exceeds —
- ₹5 crore in each of three financial years
 - ₹2 crore in each of three financial years
 - ₹10 crore in each of three financial years
 - ₹20 crore in each of three financial years.
- (viii) Any political contribution made in contravention of section 293A(5)(a) shall be punishable with fine upto —
- Three times of the contribution
 - Two times of the contribution
 - Four times of the contribution
 - One time of the contribution.

(1 mark each)

- (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s) / figure(s) :
- The words _____ must be added at the end of its name by a private limited company.
 - A company formed under an Act of Parliament or State Legislature is called a _____ company.
 - A subsidiary of a government company is treated as a _____ company.
 - The quantum of fee prescribed for registration of a company having share capital depends on the _____ of the company to be incorporated.
 - The application for registration of multi-State co-operative society should be addressed to _____.

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- (vi) Every producer company shall hold its first annual general meeting (AGM) within a period of _____ from the date of its incorporation.
- (vii) A foreign company is a company which is incorporated in a country outside India under the law of that other country and has a place of business in _____.
- (viii) Register and index of debentureholders should be preserved for _____ after the redemption of the debentures.

(1 mark each)

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

- (i) 'Company' and 'corporation'.
- (ii) 'Doctrine of indoor management' and 'doctrine of constructive notice'.
- (iii) 'Rights issue' and 'bonus issue'.
- (iv) 'Motion' and 'resolution'.
- (v) 'Whole-time Company Secretary' and 'Company Secretary in whole-time practice'.

(4 marks each)

4. (a) As on 31st March, 2010, the balance sheet of ABC Ltd. shows the following :

₹ in Crores

Paid-up share capital	30
Reserves and surplus	40
Reserve for redemption of debenture	20
Capital reserve	10

The company made loan/stood guarantee for loans to other companies as below :

Loan to DEF Ltd.	₹15 crore
Guarantee given on behalf of GHK Ltd.	₹15 crore

LKP Ltd. approached ABC Ltd. for loan of an amount of ₹20 crore.

Advise the management of ABC Ltd. as to whether the company can give loan of ₹20 crore to LKP Ltd.

(4 marks)

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- (b) State the procedure for granting loan by one company to another company.
(6 marks)
- (c) What is meant by the term 'disqualifying company' under the Companies (Disqualification of Directors under Section 274(1)(g) of Companies Act, 1956) Rules, 2003 ? State the grounds under which the directors are disqualified under the said rules.
(6 marks)
5. (a) What is meant by the term 'striking-off' of the name of a company ? Can any aggrieved creditor apply for restoration of the name of the company after 10 years of its striking-off ? If so, how ?
(4 marks)
- (b) What is the general structure of e-filing process under MCA-21 ?
(4 marks)
- (c) List out the kind of investigations carried out under the Companies Act, 1956.
(4 marks)
- (d) Enumerate the circumstances under which the Central Government can order special audit.
(4 marks)
6. (a) "Approval of the government is not always required under section 269 for appointment of a whole-time director by a company having a paid-up capital of ₹5 crore." Discuss.
(4 marks)
- (b) "A new business cannot be dealt with in an adjourned meeting without permission of the chair." Do you agree with the statement ? Give reasons.
(4 marks)
- (c) A single fixed depositholder, after marriage, applied for adding the name of his wife as joint-holder. The company refused to do so. What are the remedies available to the depositholder ?
(4 marks)
- (d) What do you mean by 'abridged letter of offer' ? What should it contain ?
(4 marks)

7. (a) The promoters of a new company have decided to start their company with the name 'i2 Technologies Ltd.'. However, the jurisdictional Registrar of Companies (ROC) has declined to allow the name starting with small alphabets. Is the ROC's contention valid under company law as prevalent in India ?
(4 marks)
- (b) John, who is a member of Alex Ltd., is of unsound mind. Can the shareholder of unsound mind exercise his voting rights in respect of his membership in the said company ? Give your advice.
(4 marks)
- (c) Thrive Ltd. is a public limited company, incorporated under the Companies Act, 1956. The Board of directors of the said company has recently decided to insert an article in its articles of association relating to expulsion of a member by the Board of directors of the company where the directors were of the view that the activities or conduct of such a member was detrimental to the interests of the company. Is the Board's decision valid in the eye of law ?
(4 marks)
- (d) Chatur is a director of Hopes Ltd., a public limited company, registered under the Companies Act, 1956. He wants to inspect the books of account and other books and papers of the company. Can he do so ? Will your answer be different, if the director wants to inspect the books of account through an agent ?
(4 marks)
8. (a) Shine Well Ltd. has accepted deposits from the public under the Companies (Acceptance of Deposits) Rules, 1975. The company has now decided to repay some of its deposits before maturity. Can the company do so ? If yes, what are the conditions attached thereto ?
(4 marks)
- (b) Grow More Ltd. is a government company in which the Central Government and many State Governments in India are members. The company has recently convened its annual general meeting at its registered office. Does the legislature have any access to the annual reports of such a company ? Give your advice.
(4 marks)

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- (c) Daisy Ltd., a company registered under the Companies Act, 1956, has failed to register a charge which requires registration under section 125 and the charge is not registered as per sub-section (1) of section 125. What will be the consequences of such non-registration ?

(4 marks)

- (d) Rahees, who is a member of Vivek Ltd., a public company, has very recently become an insolvent. Can the insolvent Rahees continue as a member of the company ?

(4 marks)