

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) Promoters of a company stand in a fiduciary position towards it.
- (ii) Every member of an illegal association shall be personally liable for all liabilities incurred in carrying on the business.
- (iii) Hindu undivided family (HUF) form of business is significantly different from a corporate form of business organisation.
- (iv) The role of Chairman-cum-Managing Director of an average sized company in India is vital in the management of the company.
- (v) A director of a company wants to hold an office or place of profit.

(5 marks each)

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

- (i) Every public limited company should have minimum number of directors —
 - (a) 5
 - (b) 7
 - (c) 3
 - (d) 2.
- (ii) Maximum value of shares which an investor must hold in a company to become a 'small shareholder' is —
 - (a) Rs.5,000
 - (b) Rs.10,000
 - (c) Rs.20,000
 - (d) Rs.25,000.
- (iii) A private limited company may commence its business after obtaining —
 - (a) Certificate of commencement of business
 - (b) Certificate of incorporation
 - (c) Approval from an appropriate government
 - (d) Approval from the Registrar of Companies.

- (iv) Form No.32 is required to be filed by a company in connection with the cessation of the office of —
- (a) Company Secretary
 - (b) Chief Financial Officer
 - (c) Chief Executive Officer who is not a Director
 - (d) None of the above.
- (v) The facility of postal ballot under section 192A is available to —
- (a) All companies
 - (b) All private companies
 - (c) All public limited companies
 - (d) Only listed companies.
- (vi) No company shall directly or indirectly make any loan or give guarantee to any other body corporate —
- (a) Exceeding 60% of its paid-up capital or 100% of its free reserves whichever is more
 - (b) Exceeding 60% of its paid-up capital or 100% of its free reserves whichever is less
 - (c) Exceeding 100% of its paid-up capital or 60% of its free reserves whichever is more
 - (d) Exceeding 60% of its paid-up capital and free reserves or 100% of its free reserves whichever is more.

(1 mark each)

- (b) Re-write the following sentences after filling-up the blank spaces with appropriate word(s)/figure(s) :
- (i) Partnership is a form of _____ company.
 - (ii) The shares in a company are _____ property.
 - (iii) The _____ acts as the official signature of the company.
 - (iv) A company cannot go beyond and exercise powers more than what is stated in _____ .
 - (v) Directors are _____ of the monies of the company but not of the debts due to the company.

(1 mark each)

- (c) The paid-up share-capital of Xel (P) Ltd. is Rs.20 lakh consisting of 2,00,000 equity shares of Rs.10 each fully paid-up. Atul (P) Ltd. and its subsidiary Dainy (P) Ltd. are holding 60,000 shares and 50,000 shares respectively in Xel (P) Ltd.

Examine with reference to the provisions of the Companies Act, 1956 whether Xel (P) Ltd. is a subsidiary of Atul (P) Ltd. Will your answer be different, if Dainy (P) Ltd. holds 1,10,000 shares in Xel (P) Ltd. and no shares are held by Atul (P) Ltd. in Xel (P) Ltd. ?

(5 marks)

3. (a) Wasim and Hamid, each held half the issued share capital of a company, whose articles of association provide thus : "The Board of directors may, at any time, in their absolute and uncontrolled discretion, refuse to register any transfer of shares." Wasim died and his executor applied to have Wasim's shares registered in his name. The Board of directors refused to register the transfer of shares under the above mentioned provision of the articles of association. State with reasons whether the court can come to the rescue of Wasim's executor.

(5 marks)

- (b) What are the restrictions imposed on the borrowing powers of the Board of directors ?

(5 marks)

- (c) Define a 'member'. Distinguish between a 'member' and a 'shareholder'. In what ways may a person become and cease to be a member of the company ?

(6 marks)

4. (a) Discuss the role of the Company Secretary as a statutory officer, as a co-ordinator and as an administrative officer.

(5 marks)

- (b) Briefly mention the provisions of the Companies Act, 1956 relating to appointment and re-appointment of the sole selling agent.

(5 marks)

- (c) In a general meeting of Zora Textiles Ltd., only 15 members were present. The quorum, as per the articles of association of the company, was 10 members personally present. For a special resolution, only 9 members voted for the resolution, 2 members voted against the resolution and 4 members abstained from voting. No poll was demanded. The Chairman of the meeting declared the special resolution to be carried. Examine the validity of the resolution.

(6 marks)

5. (a) Discuss the rule in Foss vs. Harbottle. Enumerate the main advantages that flow from the said rule.

(5 marks)

- (b) Insertion of section 58AAA is intended to take a strict view against companies that accept deposits and do not repay the same on maturity. Comment.

(5 marks)

- (c) The Board of directors of Fairdeal Properties Ltd. has decided to take-up the business of food processing activity because of the downward trend in real estate business. There is no provision in the objects clause of the Memorandum of Association to enable the company to undertake the business of food processing activity. State with reasons whether the objects clause may be amended and if so, mention the procedure therefor.
- (6 marks)*
6. (a) In the State of Uttar Pradesh & Others vs. Renusagar Power Co. & Others., the Hon'ble Supreme Court has observed thus : "The concept of lifting the corporate veil is a changing concept. The veil of corporate personality, even though not lifted sometimes, is becoming more and more transparent in modern jurisprudence. It is high time to reiterate that, in the expanding horizon of modern jurisprudence, lifting of the corporate veil is permissible : its frontiers are unlimited" In the light of this observation, state the circumstances in which corporate veil may be lifted.
- (8 marks)*
- (b) You are the Company Secretary of a public limited company which was incorporated on 25th March, 2005. The company has earned huge profits for the financial year 2006-07. The management of the company wants to make some political contribution. Discuss the relevant factors and advise the management on making political contributions by your company. Will your suggestion be a different one, if the company was incorporated and was in existence for more than three financial years ?
- (8 marks)*
7. (a) Mention the disqualifications of directors under section 274(1)(g) and the duties of statutory auditors in this regard.
- (5 marks)*
- (b) What is 'debenture trust deed' ? What are the advantages of execution of such a deed ?
- (5 marks)*
- (c) What are the effects of non-registration of charges ?
- (6 marks)*
8. (a) Who is a Company Secretary in Practice ? What are the areas of practice for a Company Secretary in Practice ? What are his duties towards the profession ?
- (5 marks)*
- (b) What is 'secretarial audit' ? What aspects shall be covered by such audit ? Who are authorised to conduct such an audit ?
- (5 marks)*
- (c) Mohan, a person holding shares in demat form, wants to raise money by pledging his demat shares. Is it possible and, if so, advise him on the manner of creating a pledge or hypothecation of such shares ?
- (6 marks)*