

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) The property of the company is the property of the shareholders.
- (ii) The doctrine of *ultra vires* is a protection to the shareholders.
- (iii) The word 'promoter' is not defined in the Companies Act, 1956 but the same is used in the said Act.
- (iv) Board of directors has no discretion to stop the share transfer.
- (v) Increase in managerial remuneration shall not have any effect unless it is approved by the Central Government.

(5 marks each)

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

- (i) Auditors of a Government Company is appointed by the –
 - (a) Governor of the State
 - (b) Accountant General of the State
 - (c) Comptroller and Auditor General of India (CAG)
 - (d) State Government in consultation with the CAG.
- (ii) Shares passed on to legal heirs by right of inheritance is an act of –
 - (a) Transfer of shares
 - (b) Transmission of shares
 - (c) Surrender of shares
 - (d) Forfeiture of shares.
- (iii) A company may appoint a person who is of 75 years of age as its Managing Director provided –
 - (a) The approval of Central Government is obtained
 - (b) The appointment is unanimously approved by the Board
 - (c) The company passes a special resolution in general meeting
 - (d) The company obtains prior approval of the Registrar of Companies in this regard.

- (iv) The compulsory appointment of Company Secretary is required for a company having –
- (a) Paid-up capital of Rs.2 crore
 - (b) Paid-up capital of Rs.5 crore
 - (c) Authorised capital of Rs.10 crore
 - (d) Turnover of Rs.100 crore.
- (v) Producer companies are permitted to donate –
- (a) To the extent of 3% of the net profit in the preceding year
 - (b) To the extent of 3% of the gross profit in the preceding year
 - (c) To the extent of 5% of the net profit of the current year
 - (d) To the extent of 5% of the gross profit of the preceding year.
- (vi) E-form 32 is required to be filed in connection with the cessation or appointment of –
- (a) Company Secretary
 - (b) Manager
 - (c) Independent Director
 - (d) All the above.
- (vii) Under Section 621A, compounding of offence is not possible when the offence is punishable with –
- (a) Imprisonment or fine
 - (b) Fine
 - (c) Imprisonment only
 - (d) None of the above.
- (viii) Board meeting of a company can be held, if convenient to its directors –
- (a) At any place in the world
 - (b) At any place within the city where the registered office is situated
 - (c) At any place within India
 - (d) Only at the registered office of the company.

(1 mark each)

- (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) A resolution when put to vote at a meeting shall be decided by _____ unless a poll is demanded.
 - (ii) It is for the Chairman to decide as to the validity of the proxies and his decision will stand, unless it was proved to the _____ to be wrong.

- (iii) The status of a member availing the services of a depository changes from that of a registered holder to that of a _____.
- (iv) Clause 49 of the _____ deals with corporate governance.
- (v) Every balance sheet and profit and loss account of a company not being a banking company, shall be signed on behalf of the Board of directors by its manager or secretary, if any, and by not less than _____ director(s) of that company, one of whom shall be managing director, where there is one.
- (vi) Where a company borrows without the authority conferred on it by its articles of association, it is an _____ borrowing.
- (vii) A company licensed under section 25, cannot alter the provisions of its memorandum of association with respect to its objects except _____.
- (viii) The right to claim compensation for any loss sustained by reason of any untrue statement in a prospectus is available only to _____ of the shares on the faith of the prospectus containing the untrue statement.
- (1 mark each)*
3. (a) Discuss the statement that "it is the duty of those who issue the prospectus to be truthful in all respects."
- (8 marks)*
- (b) Enumerate the benefits of depository system.
- (8 marks)*
4. Write short notes on **any four** of the following :
- (i) Alteration of objects clause of the memorandum of association
- (ii) Buy-back through book building
- (iii) Company's register of charges
- (iv) Office or place of profit
- (v) Advertisement inviting deposits.
- (4 marks each)*
5. (a) What are the liabilities of a person whose name is entered as a member in the register of members of a company limited by shares ?
- (5 marks)*
- (b) What are the disadvantages of corporate form of enterprises ?
- (5 marks)*
- (c) Define 'foreign company'. What are the documents required to be filed by a foreign company to establish a place of business in India ?
- (6 marks)*

6. (a) What is a 'proxy' ? Who are entitled to inspect proxies ? In what type of companies proxies are not allowed ?
(8 marks)
- (b) What are the rights of a retiring auditor ? When is the Central Government empowered to appoint auditor of a company under section 224(3) ?
(8 marks)
7. (a) You are the Secretary of a public limited company. Raja, a member, has lodged a share transfer deed duly stamped and executed by guardian for transfer of shares in favour of Mohan, a minor. The shares are fully paid-up. Will you recommend transfer of shares in favour of the minor ? Will your answer be different, if the articles of association of the company contain a provision prohibiting transfer of shares in favour of a minor ?
(8 marks)
- (b) John, the transferee, executed transfer of shares and the transfer deed and the original share certificates were handed over by the transferor to John for lodging with the company. However, the documents were lost in transit. Advise, as a Practising Company Secretary, how John can obtain the shares transferred in his name. Will your advice be different if only the transfer deed is lost and the share certificates are not lost ?
(8 marks)
8. (a) What is 'sweat equity' ? What conditions should be satisfied for issue of sweat equity ? Is there any restriction on issue of sweat equity ?
(8 marks)
- (b) State the provisions of the Companies Act, 1956 regarding **any two** of the following :
(i) Further issue of capital.
(ii) Treatment of unclaimed dividend.
(iii) Disclosure of interest by directors and recording thereof.
(4 marks each)

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