

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

NOTE : 1. Answer **ALL** Questions.

2. All references to sections relate to the Companies Act, 2013 unless stated otherwise.

1. Comment with reasons on the following :

- (a) Piercing through corporate veil.
- (b) Acts done outside the limits of memorandum are *ultra vires*.
- (c) 'Reserve capital' and 'capital reserve' are one and the same.
- (d) Minutes of the company can be maintained in loose leaf form.

(5 marks each)

Attempt all parts of either Q.No. 2 or Q.No. 2A

2. Distinguish between the following :

- (a) 'Winding-up' and 'dissolution'.
- (b) 'Oppression' and 'mismanagement'.
- (c) 'Transfer of shares' and 'transmission of shares'.
- (d) 'Interim dividend' and 'final dividend'.

(4 marks each)

OR (Alternate question to Q.No. 2)

2A. (i) In an annual general meeting of Amar (Pvt.) Ltd., all the shareholders were killed in a bomb blast. State, whether the company is still in existence. If so, how ?

(4 marks)

(ii) A housing company has sold a flat to its Managing Director by accepting 50% in cash and balance in installments. Decide whether this transaction attracts the provisions pertaining to loan to directors under section 185. If so, validate the transaction.

(4 marks)

(iii) "Limited liability partnership is the best suited form of entity for professionals." Elaborate.

(4 marks)

- (iv) Shortcut Ltd. has allotted shares to investors of the company without filing prospectus with the Registrar of Companies, Mumbai. Explain the remedies available to the investors in this regard.

(4 marks)

Attempt all parts of either Q.No. 3 or Q.No. 3A

3. (a) A, B, C and D developed a business plan. To implement the plan, it was decided that A and B will incorporate a company and C, a Chartered Accountant, will provide them his professional services for the same. It was also decided that D will provide loan to the company. The loan to be provided by D was essential to start the business of the company. Advise, out of C and D, who shall be regarded as a promoter of the company.
- (4 marks)
- (b) Abha Ltd. was incorporated on 15th March, 2012. A company with identical name and similar objects was incorporated on 5th August, 2013. On account of similarity of name, Abha Ltd., *i.e.*, the company which was previously registered, filed a petition on 15th April, 2014 with the Central Government seeking issue of direction for change of name by the later company so that its business interest is protected. On 16th August, 2014, the Central Government sent an order to the later company to change its name. Examine the aforesaid case and the validity of the order of the Central Government.
- (4 marks)
- (c) Rose Ltd. raised a loan from a State financial institution by creating hypothecation of book debts and also future debts of the company. Incidentally, the charge was not registered with the Registrar of Companies concerned. State financial institution demanded a certificate of registration of charge for the amount of loan so granted by it. The directors of the company replied to the State financial institution that the charge need not be registered for hypothecation of book debts. Is the action of the directors valid ? Give reasons.
- (4 marks)
- (d) In Evergreen Ltd., the Board of directors declared an interim dividend but could not distribute the dividend due to objections of audit committee that the accounts considered by the Board were false; and true financial results were inflated by not incorporating

: 3 :

outstanding liabilities and over-valuation of inventories. A shareholder filed a suit for non-payment of dividend. One of the directors contended that he never attended the Board meeting where the issue relating to payment of interim dividend was declared on the basis of false accounts. Discuss about the validity of contention of the director.
(4 marks)

OR (Alternate question to Q.No. 3)

3A. Write notes on the following :

- (i) A forged transfer of shares is a nullity
- (ii) Officer-in-default
- (iii) Issue of sweat equity shares
- (iv) Red-herring prospectus.

(4 marks each)

4. (a) In a public limited company, certain directors who guaranteed the company's debts retired and new directors were appointed in their places and they also signed the guarantee bonds. There was no agreement to show that the earlier guarantee had ceased to be operative. The bank who is the beneficiary, exercised its option and demanded the repayment. The retired directors contended that they have already retired and they are not liable to the bank on the strength of bond. Is the contention valid ? Decide the case with regard to the provisions of the Companies Act, 2013.

(4 marks)

(b) On receipt of 85% of the minimum subscription stated in the prospectus, Little Stars Ltd. allotted 200 shares to Ranjit and the money was deposited in a scheduled bank. Later on, it was revealed that 40% of the amount withdrawn was for acquisition of fixed assets for the company. Ranjit, knowing these facts, refused to accept the allotment contending that the allotment was irregular under the provisions of the Companies Act, 2013. As an expert on company law advise Ranjit.

(4 marks)

(c) Pioneers Ltd. convened a Board meeting on 1st September, 2013. During the course of meeting, the date of next annual general meeting was discussed but no decision was taken. However, the Company Secretary issued the notice for annual general meeting without any specific authorisation from the Board of directors. Decide the validity of notice of annual general meeting.

(4 marks)

- (d) Agile Ltd. called its annual general meeting on 28th September, 2013. The notice of the meeting was posted on 6th September, 2013. With reference to the provisions of the Companies Act, 2013, examine whether the notice given by the company was valid.

(4 marks)

5. (a) In a limited company, the Managing Director terminated an employee on the charge of various misconducts. The aggrieved employee filed a writ petition before the High Court challenging the dismissal contending that the Managing Director had no power to do so and the proper authority was the Board of directors. During the pendency of writ, the Board of directors passed a resolution ratifying the action of the Managing Director. The High Court while setting aside the Managing Director's dismissal order, allowed the writ petition. Managing Director appealed to the Supreme Court. Decide the case having regard to the judicial pronouncements in the matter.
- (b) Sun-beam Ltd. failed to pay interest on repayment of deposits. One depositor approached the consumer forum with the request to issue order against the company for payment of interest on deposits. The company contended that the consumer forum was not a proper authority to issue such directions. Advise the company suitably.

(8 marks each)

6. (a) Heal Ltd. owns a chain of hospitals in Mumbai. Dr. Aman, a practising surgeon, has been appointed by the company as its non-executive ordinary director and wants to pay him fees on case-to-case basis for surgeries performed by him on patients at hospital. Advise the company, whether payment of such fees to him would amount to payment of managerial remuneration to a director under the Companies Act, 2013.
- (b) Introduction of Secretarial Standards by the Institute of Company Secretaries of India (ICSI) is a unique and pioneering effort towards attainment of good Corporate Governance. Do you agree ? Explain briefly.
- (c) Mention the importance of 'notes on accounts'. Will it convey any meaning to stakeholders ?
- (d) Narrate briefly the importance of Corporate Governance Report and also state who can certify such report.

(4 marks each)