

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. (a) State, with reasons in brief, whether the following statements are true or false. Attempt **any five** :
- (i) None of the powers of the Board of directors specified in section 292(1) can be delegated.
 - (ii) In the context of the Company Law Board Regulations, the terms 'petition' and 'application' are not one and the same.
 - (iii) Under MCA-21, payment of fees has to be made only through on line mode.
 - (iv) The Company Law Board cannot order reduction of share capital in a proceeding under section 397 relating to oppression of shareholders.
 - (v) The principle laid down in the case *Foss vs. Harbottle* covers both corporate rights and personal rights of members.
 - (vi) A petition is maintainable under section 630 against legal heirs of the deceased officer for retrieval of the company property.
- (2 marks each)*
- (b) Re-write the following sentences after filling-up the blank spaces with appropriate word(s)/figure(s) :
- (i) Indian Depository Receipts can be issued by _____ .
 - (ii) Particulars of appointment of the managing director is to be filed with the Registrar of Companies in e-Form No. _____ .
 - (iii) The principal functions of Secretarial Standards Board of the Institute of Company Secretaries of India are to identify the areas where secretarial standard are required and to _____ .
 - (iv) Security deposit taken by a company from its employees has to be deposited with agencies specified in section 417 within _____ days of the receipt thereof.
 - (v) An individual cannot be director of _____ companies.
- (1 mark each)*
- (c) Choose the most appropriate answer from the given options in respect of the following :
- (i) When a default or defaults occur under sections 421 and/or 422 in respect of receiver regarding filing of periodic accounts and/or making of reference of statements about the appointment of receiver, the company and every officer in default shall be punishable with —
 - (a) A monetary fine which may extend to Rs.5,000
 - (b) A monetary fine which may extend to Rs.2,000
 - (c) A monetary fine which may extend to Rs.5,000 and imprisonment upto six months.

- (ii) An Indian public company holds 80% of the paid-up equity share capital of a company incorporated at a place outside India. Is the annual statement of the latter company required to be attached to the annual statement of the former company pursuant to section 212 —
 - (a) No, as it is a foreign company
 - (b) No, as the format of the annual accounting statement is not as per Schedule VI of the Companies Act, 1956
 - (c) Yes.
- (iii) Since the Information Technology Act, 2000 allows communication in electronic form, the Board of directors of a company incorporated in India is free to conduct Board meetings through tele-conferencing —
 - (a) Yes, because the Information Technology Act, 2000 has overriding effect
 - (b) No, the Companies Act, 1956 does not allow tele-conferencing
 - (c) No, because the Companies Act, 1956 prohibits tele/video conferencing.
- (iv) The New York Stock Exchange requires that in case of companies listed with it, the required minimum number of independent directors on the Board shall be —
 - (a) One
 - (b) Two
 - (c) Three.
- (v) The majority required in a shareholders' meeting to approve a scheme of arrangement is simple majority of shareholders holdings at least —
 - (a) 3/4th in value of the shares
 - (b) 2/3rd in value of the shares
 - (c) 9/10th in value of the shares.

(1 mark each)

2. Attempt **any four** of the following :

- (i) List out the main Acts under the administration of the Ministry of Corporate Affairs (MCA).
- (ii) Where returns and gains are concerned, a shareholder has restricted rights. Comment.
- (iii) "A private limited company can accept deposits from public without changing its status." Comment.
- (iv) Seasaw Ltd. received a certificate of incorporation on 9th May, 2008, and on 12th May, 2008 allotted 2,00,000 equity shares to the applicants on a private placement basis but then noticed that the date of incorporation in the Certificate of Incorporation was erroneously mentioned by the Registrar of Companies as 19th May, 2008. Comment.
- (v) Kareena Ltd. proposes to move an ordinary resolution at the annual general meeting for appointing Vivek as an Executive Director for a period from 1st July, 2008 to 30th June, 2014 and the Company Secretary is asked if the e-Form No.23 is required to be filed ? Discuss.

(4 marks each)

3. (a) Draft a special resolution for amendment of main objects as enunciated in the memorandum of association of Power Enterprises Ltd. by deleting existing clause 1 and clause 4(a) and substituting with new clauses to give effect to the following activities :
- (i) To empower the company *inter alia* to plan, promote and organise an integrated and efficient development of thermal/hydel power and power through non-conventional renewal energy sources in India and abroad.
 - (ii) To make a foray into the business of nuclear power generation and to undertake different activities in connection with nuclear power generation.
- (3 marks each)
- (b) Draft a suitable explanatory statement pursuant to section 173(2) in respect of the change in the main objects of the memorandum of association as detailed in question No.3(a) above.
- (6 marks)
- (c) Amol is a non-executive director of a company. Can Amol inspect books of account and other books and papers during business hours in his capacity as non-executive director ? Can Amol get the books inspected by any other person appointed by him ? Give reasons and cite case law, if any.
- (4 marks)
4. (a) “High Court should decide a petition for winding-up of a company under the Companies Act, 1956 and not otherwise”. Comment.
- (4 marks)
- (b) An order for winding-up of a sick company, Goneth Ltd. has been passed and a liquidator appointed by the court, but the Board of directors has since re-examined the relevant aspects and wish to approach BIFR for its revival. Can the Board of director do so ? Discuss.
- (4 marks)
- (c) Promoters’ stake in the company will go substantially up due to part reduction of capital under section 101. Will the court sanction it ? Give reasons.
- (4 marks)
- (d) Ranjan, Chief Accountant of Wow Ltd. which is under inspection, fails to find and take the original records asked to be brought to his office by the inspector and a show cause notice has been issued to the company on 1st June, 2006 to explain why action should not be taken in the matter. However, the notice does not reach Wow Ltd. and the prosecution is started on 15th July, 2007 and the company is asked to pay a fine of Rs.55,000. Advise.
- (4 marks)
5. (a) Section 314(1B) mandates that if a relative or partner of a director holds any office or place of profit carrying a monthly remuneration equal to or exceeding Rs.50,000 per month, such holding of office or place of profit needs *inter alia* prior consent of the Central Government. Outline the procedure to be followed for obtaining the approval of the Central Government.
- (10 marks)

- (b) Ravi filed a petition for winding-up of the company. The company, however, settled the claim with Ravi, the petitioning creditor. Ravi thereafter filed an application for permission of withdrawal. Sunder, another creditor, made an application that the petition should not be allowed to be withdrawn. He has prayed that he should be substituted to the place of petitioner. Critically examine and state whether the court would allow such a substitution.
(6 marks)
6. (a) Prepare a comprehensive note on compounding of offences under section 621A with special reference to the issue on whether a company as such can be imprisoned.
(10 marks)
- (b) Merely being an independent director does not automatically result in being liable for an offence committed by the company. Discuss.
(6 marks)
7. (a) State the relevant aspects to be considered in formulating a remuneration policy for directors of a company in the backdrop of the recommendations of Greenbury Committee on Directors' Remuneration appointed at the initiative of Confederation of British Industry.
(8 marks)
- (b) A promoter of a company is neither an agent nor a trustee of the proposed company. Discuss.
(4 marks)
- (c) There is an alleged act of insider trading on the part of Harsh who was the Finance Manager of Master Mind Ltd., a listed company. However, he left the company 100 days prior to the alleged act of insider trading. It is contended that in the instant case, Harsh cannot be treated as a 'connected person' as he had left the organisation prior to the act of insider trading. Do you agree? Answer with reasons.
(4 marks)
8. (a) Distinguish between —
(i) 'Compromise' and 'arrangement'; and
(ii) 'Reconstruction' and 'amalgamation'.
(3 marks each)
- (b) Describe how risk management has assumed great importance in corporate governance.
(6 marks)
- (c) Draft a resolution for appointment of shareholders'/investors' grievance committee.
(4 marks)