

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, 1956 unless stated otherwise.

1. (a) Meeting of the Board of directors provides an opportunity to discuss the business and take formal decisions. Comment.
- (b) Draft a Board resolution for making an inter-corporate loan by Genuine Ltd. to Tempest Ltd., assuming necessary figures.
- (c) A Managing Director has to be a director before he can be appointed as Managing Director. Comment.
- (d) Associations registered under section 25 enjoy all the privileges of a limited company. Comment.

(5 marks each)

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

2. Distinguish between the following :
- (a) 'Public trust' and 'private trust'.
- (b) 'ESOP' and 'sweat equity'.
- (c) 'Shelf prospectus' and 'red-herring prospectus'.
- (d) 'Surrender of shares' and 'forfeiture of shares'.

(4 marks each)

OR (Alternate question to Q.No. 2)

- 2A. (i) A Ltd. (with a paid-up share capital of ₹5 crore) and B Pvt. Ltd. have common directors and both are subsidiaries of H Ltd. Comment on the applicability of section 297 in respect of the following transactions :
- (a) A Ltd. wants to take an inter-corporate loan of ₹5 crore from B Pvt. Ltd.
- (b) A Ltd. wants to take sub-lease of office space from B Pvt. Ltd.
- (c) A Ltd. wants to provide consultancy services to B Pvt. Ltd. for an amount of ₹2 crore.

(4 marks)

- (ii) MNC Ltd. has on its Board 5 directors, out of which 4 directors are foreigners and they reside in Italy. The company wants to convene a Board meeting in Chennai on 1st June, 2014 while all the 4 directors residing in Italy are preoccupied and are not in a position to travel to India for the meeting. Advise the company.
(4 marks)
- (iii) A company may by an ordinary resolution remove a director before the expiry of the period of his office. Give any four exceptions in this regard.
(4 marks)
- (iv) The Chairman of X Ltd. convened a Board meeting for which he sent a proper two weeks notice. Some of the members of the Board objected on the ground that no proper agenda for the meeting was circulated. They seek to question the validity of convening the meeting. Advise.
(4 marks)

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

3. (a) Speed Ltd. wants to recruit Anil as the Managing Director of the company, while he is already the Managing Director of Sprint Ltd. Advise the company referring to the provisions of the Companies Act, 1956 and draft a suitable Board resolution for the appointment.
- (b) Smart Ltd. has borrowed a term loan from Genius Bank based on a charge on its fixed assets and necessary charge filing has been done by the company with the Registrar of Companies. Advise the company, if any modification of charge is required to be filed in the following events :
- (i) Genius Bank increased the interest rate from 12% p.a. to 13% p.a.
 - (ii) The term loan provided for interest rate to be charged at 2% over the bank rate notified by RBI. The bank rate has been revised from 8% to 9% by RBI and consequently, the interest rate increased from 10% to 11%.
 - (iii) The term loan provided for interest rate to be charged at 2% over the prime lending rate (PLR) fixed by Genius Bank. The PLR was revised by Genius Bank from 8% to 9%.
- (c) Ram is the cost auditor of Fortune Cements Ltd. appointed under section 233B. Clarify Ram's role in the audit committee constituted by the company.
- (d) Ganesh, who possesses valid share certificate of a company covering 1,000 equity shares is claiming title to the shares but his name is not recorded in the Register of members of the company. Ganesh also has the document evidencing the payment of call money against the above shares. But against the shares held by him, Suresh is recorded as a member in the Register of members. Advise the company on resolving the title dispute.
(4 marks each)

: 3 :

*OR (Alternate question to Q.No. 3)***3A.** Write notes on the following :

- (i) XBRL
- (ii) Reappointment of auditors
- (iii) Procedure for issue of duplicate share certificates
- (iv) Payment of dividend without providing for depreciation.

(4 marks each)

4. (a) Well Spun Synthetics Ltd. has made allotment of shares. It was completed on 18th February, 2014. The ten weeks' time-limit shall expire on 24th April, 2014. When would the liability of the company to refund the excess amount begin, 18th February, 2014 or 24th April, 2014 ? Discuss with the help of relevant case law.
- (b) The memorandum of a company contains investment activity as its main object. The company has diversified into other activities but continues to do business activities of investment in shares and securities. However, there is substantial reduction in its investment in shares and securities. With reference to section 372A, can the company continue to be regarded as investment company ? Is income from business an important criterion here ? Discuss with reference to relevant case law.
- (c) Indus Ltd. has changed its name. There is no alteration in the constitution or legal status of the company. The fact of alteration of name was not brought to the notice of the court. The company has the power to execute a decree in its old name. Has the company right to execute a decree in its new name after change of name ?
- (d) Beach SA, a company incorporated in France, wants to set-up a branch in India. Advise Beach SA, regarding provisions to be complied with. Will it make any difference if 50% of the paid-up share capital of Beach SA, is held by Indian citizens ?

(4 marks each)

5. (a) Sprint Ltd., a listed company, wants to implement buy-back of shares. Its financials as at June, 2009 are as under :

Paid-up equity share capital (20,00,000 shares of ₹10 each)	:	₹200 lakh
Preference share capital (redeemable in December, 2024)	:	₹100 lakh
Free reserves	:	₹200 lakh
10% Debentures	:	₹200 lakh
Loans from IDBI	:	₹300 lakh

Compute the quantum of equity capital of the company eligible for buy-back of shares by citing relevant provisions of the Companies Act, 1956.

(4 marks)

- (b) What is the liability of a company to create security and debenture redemption reserve ?
(4 marks)
- (c) The Chairman of your company wants to pass a Board resolution by circulation to issue debentures. Advise the Chairman stating the procedure for passing a Board resolution by circulation.
(4 marks)
- (d) State the provisions relating to meeting of Audit Committee as provided under section 292A.
(4 marks)

6. (a) A company has paid-up share capital of ₹1.5 crore. It appoints a Whole-time Company Secretary who is a member of the Institute of Company Secretaries of India (ICSI). In such a case, will the company be required to obtain a compliance certificate from a Company Secretary in Practice ? What would be your answer, if such a person (Whole-time Company Secretary) is not a member of the ICSI ?
- (b) State the requirements related to filing of return of allotment. X Ltd. has reissued certain equity shares after completing the forfeiture procedure. Is X Ltd. required to file the return of allotment ?
- (c) Explain the procedure for alteration of articles of association of a producer company.
- (d) X Ltd. received valid share transfer deed together with the requisite documents for transferring 1,000 equity shares of the company from Ram to Shyam. Advise the company in the following cases :
- (i) Ram dies before the transfer is effected by the company
- (ii) Shyam dies before the transfer is effected by the company.
- Assume that the company has no information about the death in both the cases.
(4 marks each)