

**COMPANY LAW**

**264**

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) It is not necessary to have the minutes of the meeting confirmed in the next meeting.
  - (ii) Postal ballot mechanism improves shareholders' participation in corporate decision-making.
  - (iii) Redeemable preference shares are not preference shares.
  - (iv) Directors ought not misuse the trust entrusted on them.
  - (v) The terms 'winding-up' and 'dissolution' are not one and the same thing.  
(5 marks each)
  
2. (a) Choose the most appropriate answer from the given options in respect of the following :
  - (i) The amount of dividend declared will have to be deposited in a separate bank account within —
    - (a) 5 Days from the date of declaration of dividend
    - (b) 7 Days from the date of declaration of dividend
    - (c) 15 Days from the date of declaration of dividend
    - (d) 21 Days from the date of declaration of dividend.
  - (ii) No person can hold office of a director in more than —
    - (a) 10 Public companies at a time
    - (b) 15 Public companies at a time
    - (c) 20 Public companies at a time
    - (d) 50 Public companies at a time.
  - (iii) DIN will be allotted by the Central Government within —
    - (a) 1 Month from the receipt of application for the same
    - (b) 3 Months from the receipt of application for the same
    - (c) 6 Months from the receipt of application for the same
    - (d) 12 Months from the receipt of application for the same.

- (iv) After completion of buy-back operation, the securities must be extinguished and physically destroyed within —
- (a) 30 Days
  - (b) 15 Days
  - (c) 7 Days
  - (d) 21 Days.
- (v) Under section 224(1), an auditor is appointed for a particular period —
- (a) From the date of appointment till another auditor is appointed
  - (b) From the conclusion of one AGM until the conclusion of next AGM
  - (c) From the date of appointment till the auditor resigns
  - (d) None of the above.
- (vi) Under section 75, whenever a company having a share capital makes any allotment of shares, it must file a return of allotment with the Registrar of Companies within —
- (a) 7 Days
  - (b) 15 Days
  - (c) 30 Days
  - (d) 60 Days.
- (vii) Certified copy of the special resolutions passed in the meeting will have to be filed with the Registrar of Companies within —
- (a) 30 Days
  - (b) 60 Days
  - (c) 15 Days
  - (d) 7 Days.
- (viii) Section 149(1) provides that in case of a public company, borrowing powers are not exercisable until the company is entitled to —
- (a) Commence business
  - (b) Incorporate business
  - (c) Start business
  - (d) None of the above.

*(1 mark each)*

- (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) Small deposit holders are those who have deposited in a financial year a sum not exceeding Rs.\_\_\_\_\_ in a public company.
  - (ii) If the proposed dividend exceeds 15% but does not exceed 20% of the paid-up capital, the amount to be transferred to reserves will not be less than \_\_\_\_\_% of the current profit.
  - (iii) Resignation of a director is effective from the date it was \_\_\_\_\_.
  - (iv) Under section 285, there should be at least \_\_\_\_\_ meetings of the Board of directors in a year.
  - (v) An audit firm having 3 partners not in full time employment anywhere may be appointed as auditor in maximum \_\_\_\_\_ public companies.
  - (vi) Section 260 provides for the appointment of \_\_\_\_\_.
  - (vii) A director of 10 companies will require \_\_\_\_\_ number(s) of DIN.
  - (viii) In terms of section 383A, it is necessary to appoint a Whole-time Secretary in a company having a paid-up capital of Rs.\_\_\_\_\_.

(1 mark each)

3. (a) Explain when a person ceases to be a member of the company.

(8 marks)

- (b) Enumerate the disqualifications of a director mentioned in section 274.

(8 marks)

4. Write notes on **any four** of the following :

- (i) Liability clause in memorandum of association
- (ii) Cases in which prospectus is not required to be issued
- (iii) Investor education and protection fund
- (iv) Procedure for striking off the name of a company
- (v) Digital signature certificate.

(4 marks each)

5. (a) What are the consequences of non-registration of a charge which requires registration under section 125 ?

(5 marks)

- (b) "The power to borrow includes the power to give security." Comment.

(5 marks)

- (c) What are the rights, powers and disabilities of debenture trustees ?

(6 marks)

6. (a) What are the important rules relating to forfeiture of shares ?  
(8 marks)
- (b) What are the benefits of 'depository system' ?  
(8 marks)
7. (a) Money Ltd. desires to reduce its paid-up capital by purchasing from some select shareholders holding shares constituting 20% of its paid-up capital. Can it do so ? Discuss.  
(8 marks)
- (b) Abhay Ltd. committed default by failing to file balance sheet and profit and loss account. Proceedings have been initiated against a non-executive director. However, he contended that he had resigned before the date of default. Whether the contention of the ex-director can be taken into account ? Give reasons.  
(4 marks)
- (c) A demerger scheme was approved by the shareholders, secured and unsecured creditors. The scheme was neither in violation of any law nor against public interest. However, Accounting Standard-14 was not adopted. Whether the scheme can be sanctioned ? Explain.  
(4 marks)
8. Distinguish between **any four** of the following :
- (i) 'Subsidiary company' and 'holding company'.
  - (ii) 'Rights issue' and 'bonus issue'.
  - (iii) 'Sweat equity' and 'employees' stock purchase scheme'.
  - (iv) 'Trust' and 'agency'.
  - (v) 'Producer company' and 'limited liability partnership'.
- (4 marks each)