

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) An unlimited company is a company not having any limit on the liability of its members.
- (ii) A company can mortgage or charge any part of its 'reserve capital'.
- (iii) There is no statutory requirement that a director must hold qualification shares in the company in which he is a director.
- (iv) Statutory meeting can be held at any time and place as suited to the company.
- (v) Provisions of section 58A are not applicable to guarantee companies and section 25 companies (i.e., associations not for profit).

(5 marks each)

2. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Without the consent of the general meeting, the Board of directors can borrow money subject to a maximum of _____.
- (ii) A _____ though entitled to attend a general meeting and vote on a poll, but cannot participate in the discussion.
- (iii) Besides making investment and loans, a company can also provide _____ and security to another company.
- (iv) A sole buying agent who holds a beneficial interest of 5% or Rs. _____ or more in the shares in a company can be appointed only by passing a special resolution and prior approval of the Central Government.
- (v) A promoter can earn profit out of sale of his own property to the company by making _____, otherwise he has to account for the profits to the company.
- (vi) An issue of debentures by a listed public company needs to maintain post-issue debt equity ratio of 2:1 as per _____.
- (vii) Allotment of shares in a public issue without receiving minimum subscription amounts to _____.
- (viii) A member cannot ask for inspection of minutes of _____.

(1 mark each)

- (b) Choose the most appropriate answer from the given options in respect of the following :
- (i) A company is –
 - (a) A voluntary association for profit
 - (b) A compulsory association for profit
 - (c) A statutory association for profit
 - (d) None of the above.
 - (ii) A private company need not hold –
 - (a) Extra-ordinary general meeting
 - (b) Statutory meeting
 - (c) Annual general meeting
 - (d) Board meeting.
 - (iii) As per section 252(2), a private company cannot have less than –
 - (a) 3 Directors
 - (b) 2 Directors
 - (c) 5 Directors
 - (d) 7 Directors.
 - (iv) Who cannot become a member of a company –
 - (a) Company as a member of another company
 - (b) Foreigner
 - (c) Trade union
 - (d) Partnership firm.
 - (v) Section 125 requires a company to file prescribed particulars of charge after the date of creation of a charge with the Registrar of Companies within –
 - (a) 30 Days
 - (b) 60 Days
 - (c) 90 Days
 - (d) None of the above.
 - (vi) Change of registered office of a company from one city to another city in the same State but falling under the jurisdiction of two Registrars of Companies is required to be approved by the –
 - (a) Central Government
 - (b) Registrar of Companies
 - (c) Regional director
 - (d) Company Law Board.

- (vii) A public company can be converted into a private company only after the approval of the –
- (a) High Court
 - (b) State Government
 - (c) Central Government
 - (d) Company Law Board.
- (viii) As per the Companies Act, 1956, the types of resolutions to be passed by the shareholders are –
- (a) 5
 - (b) 4
 - (c) 2
 - (d) 3.
- (1 mark each)
3. (a) In what manner 'membership' in a company can be sought ?
- (8 marks)
- (b) What are the modes in which a director of a company can be appointed ?
- (8 marks)
4. Write short notes on **any four** of the following :
- (i) Doctrine of *ultra vires*.
 - (ii) Doctrine of constructive notice
 - (iii) Red-herring prospectus
 - (iv) Managerial remuneration
 - (v) Interim dividend.
- (4 marks each)
5. (a) What is 'floating charge' ? When does it crystallise ? What is effect of crystallisation of a floating charge ?
- (8 marks)
- (b) What are the salient features of limited liability partnership (LLP) ?
- (8 marks)
6. (a) State, giving reasons in brief, whether the following statements are correct or incorrect :
- (i) Auditor of a government company is appointed or re-appointed by the Central Government on the advice of Comptroller and Auditor General of India (CAG).
 - (ii) Joint-holders of shares in a public company are not a single member.

264

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(iii) In case of forged, illegal or void *ab-initio* transactions, the doctrine of 'indoor management' protects an outsider.

(iv) DIN is a unique identification number and once obtained is valid for life time of a director.

(2 marks each)

(b) List out the various registers required to be maintained statutorily under the Companies Act, 1956.

(8 marks)

7. (a) Briefly explain the various modes of winding-up of a company.

(8 marks)

(b) Briefly explain the following terms used under e-filing –

- (i) Pre-fill
- (ii) Attachment
- (iii) Check form
- (iv) Pre-scrutiny.

(2 marks each)

8. (a) A managing director of a company stood as surety for the repayment of loan taken by it for which he was paid guarantee commission. Does this commission amount to managerial remuneration? Support your answer with decided case law, if any.

(5 marks)

(b) A whole-time director of a company made an invention during the course of his employment with the company. He patented the invention in his own name and appropriated the benefits to himself. Can he do so? Cite case law, if any.

(5 marks)

(c) Articles of association of a company reserved the powers for calling the annual general meeting. The managing director of the company, without reference to the Board, called an annual general meeting. Is the annual general meeting validly called? If not, what should be done to make it valid? Discuss with reference to case law, if any.

(6 marks)

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