

Roll No.

Total No. of Questions – 7

Time Allowed – 3 Hours

Total No. of Printed Pages – 7

Maximum Marks – 100

HCD

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi medium, his answers in Hindi will not be valued.

Question No. 1 is compulsory.

Attempt any **five** questions from the remaining **six** questions.

Marks

1. (a) The Annual General Meeting of ABC Limited declared a dividend at the rate of 30 percent payable on paid up equity share capital of the Company as recommended by Board of Directors on 30th April, 2013. But the Company was unable to post the dividend warrant to Mr. Ranjan, an equity shareholder of the Company, up to 30th June, 2013. Mr. Ranjan filed a suit against the Company for the payment of dividend along with interest at the rate of 20 percent per annum for default period. Decide in the light of provisions of the Companies Act, 1956, whether Mr. Ranjan would succeed ? Also state the directors' liability in this regard under the Act. **5**
- (b) The Board of Directors of XYZ Limited decided to pass a resolution to purchase 35,000 equity shares of ₹ 100 each of PQR Limited at a meeting. Draft a specimen Board Resolution to be passed at the said meeting. **4**

HCD

P.T.O.

(2)

HCD

Marks

- (c) What is Director Identification Number (DIN) ? Mr. Mohan, a newly appointed director of RST Limited applied for DIN. Advise him about the list of scanned documents required to be attached with DIN-1. **5**
- (d) A recognized stock exchange proposes to make bye-laws for the regulation and control of contracts relating to the purchase and sale of securities. State the legal requirements under the Securities Contracts (Regulation) Act, 1956 to give effect to the proposal. Explain the powers of the Securities and Exchange Board of India to amend the bye-laws of a recognized stock exchange. **6**
2. (a) Mr. Raman, brother of Mr. Rahul, a director of VMR Limited, was appointed as Chief Accounts Officer on a monthly salary ₹ 2,80,000 without the knowledge of Mr. Rahul. Referring to the provisions of the Companies Act, 1956, state the time limit in which the Company may complete the necessary legal formalities for the said appointment. Also explain the consequences, in case the Company fails to do so. **8**
- (b) The Board of Directors of Raj Steels Limited consists of one Managing Director, one Technical Director and three ordinary Directors. Mr. Sriram, an ordinary Director sent his resignation in writing to the Company. Mr. Raj, the Managing Director also sent his resignation to the Chairman of the Board of Directors and requested that he shall be relieved immediately. When does the resignation take effect ? Is it possible for a Director to resign orally or withdraw the resignation ? **8**

HCD

(3)

25-10

HCD

peric

Marks

3. (a) One-fourth of the subscribed capital of AMC Limited was held by the Government of Rajasthan. Mr. Neeraj a qualified Chartered Accountant was appointed as an auditor of the Company at the Annual General Meeting held on 30th April 2013 by an ordinary resolution. Mr. Sanjay, a shareholder of the Company objects to the manner of appointment of Mr. Neeraj on the ground of violation of the Companies Act 1956. Decide, whether the objection of Mr. Sanjay is tenable ? Also examine the consequences of the above appointment under the said Act. 8
- (b) NCP Limited, a listed company proposes to issue equity shares under the "Institutional Placement Programme". Explain the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on the following aspects : 8
- (i) Conditions for institutional placement programme.
 - (ii) Minimum number of allottees.
 - (iii) Restrictions on size of the offer.
 - (iv) Transferability of eligible securities.
4. (a) The Board of Directors of Quality Forgings Limited having a paid-up share capital of ₹ 80 lakhs appointed Ram Marketing Limited as sole selling agent for a period of five years with effect from 1st January, 2012. The Directors of Ram Marketing Limited were holding fully paid-up shares of face value of ₹ 3.5 lakhs in Quality Forgings Limited. Special Resolution approving the appointment of sole selling agent was passed in the general meeting held on 20th May, 2012. Approval of Central Government was obtained on 1st October, 2012. Examine with reference to the Provisions of the Companies Act, 1956 whether the appointment of sole selling agent is valid. 8

HCD

P.T.O.

(4)

HCD

Marks

What would be your answer if paid-up share capital of Quality Forgings Limited was only ₹ 40 lakhs on 1st January, 2012 and it was increased to ₹ 80 lakhs on 1st January, 2013.

- (b) Explain the Provisions of the Banking Regulation Act, 1949 relating to audit of accounts of a banking company, appointment of Auditor and the Auditor's report. State whether the Provisions of the Companies Act, 1956 relating to powers, duties and functions of an Auditor of a company are applicable to the statutory Auditors of a banking company. **8**

5. (a) Modern Textiles Limited incurred huge losses during the last three financial years and its financial position was bad. The Company created a legal mortgage on some of its immovable properties in favour of a bank on 1st September, 2012 in the hope that by keeping good faith with the bank it could get further advances from the bank and the same could be utilized to revive the Company. Some creditors filed winding up petition in the court on 15th January, 2013. The court passed an order of winding up on 1st August, 2013. Answer the following with reference to the provisions of the Companies Act, 1956 : **8**

- (i) What is meant by 'Fraudulent Preference' ? State the effect of 'Fraudulent Preference'.
- (ii) Whether the creation of legal mortgage by the Company in favour of the bank would amount to fraudulent preference ?

HCD

(5)

HCD

Marks

- (b) Examine the merits of the following petitions made under Sections 397 and 398 of the Companies Act, 1956 in the light of judicial pronouncements made in this regard : 8
- (i) A group of shareholders holding 12% of the issued share capital of Unique Products Limited have filed a petition before the Company Law Board alleging various acts of illegal, invalid and irregular transactions entered into in the name of the Company.
- (ii) Speciality Chemicals Private Limited is controlled by two groups of members. The group holding majority of shares made an application to Company Law Board alleging oppression by the minority group.
6. (a) NKM Producer Company passed a resolution at its general meeting on 30th April 2013 to reconvert the producer company into inter-state co-operative society under the Provisions of the Companies Act, 1956. Advise the Company, as a professional, regarding the method to be followed for re-conversion of Producer Company to inter-state co-operative society under the above Act. 8
- (b) Premier Technologies Limited proposes to takeover Modern Solutions Limited, an unlisted company, by making an offer to the members of Modern Solutions Limited to purchase all their shares. At present, Premier Technologies Limited are not holding any shares in Modern Solutions Limited. Explain briefly the steps to be taken under the Companies Act, 1956 to give effect to the proposed takeover. 8

HCD

P.T.O.

(6)

HCD

Marks

7. Attempt any **four** :

(a) Examine with reference to the Provisions of the Foreign Exchange Management Act, 1999 and the rules made thereunder whether foreign exchange can be drawn for the following purposes : **4**

(i) Mr. Gopal, a cine artist in India proposes to organize a cultural programme at Dubai and requires to draw foreign exchange US \$ 1,00,000 for this purpose.

(ii) Mr. Shah proposes to visit United States on a business tour and for this purpose he wants to draw foreign exchange US\$ 40,000 for meeting expenses.

(b) A truck manufacturing company proposes to enter into distributorship agreements requiring the dealers not to sell trucks of other manufacturers and also not to sell the trucks outside the territory assigned to them. Examine with reference to the Provisions of the Competition Act, 2002 whether the proposed agreements will be considered as Anti-Competitive Agreements and void in case the company entered into such agreements. **4**

(c) PTM Limited, a banking company maintained the record of all transactions for a period of 5 years from the date of cessation of the transactions between the clients and the company. Decide whether the Company has fulfilled its obligation under the provisions of the Prevention of Money Laundering Act, 2002. **4**

HCD

(7)

HCD

Marks

- (d) Mr. Krishna wants to nominate Mr. Ram, his 10 years old son, as a nominee for his life insurance policy. Advise him under the provisions of the Insurance Act, 1938. 4
- (e) The definition of a word in a statute may be either restrictive or extensive. 4
Elaborate this with reference to the definition of 'Managing Director' in the Companies Act, 1956.
-

HCD