

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) Prof. Grower rightly said, "Members may come and go, but the company can go on for ever".
- (ii) 'Promoters' though not defined in the Companies Act, 1956, can still be identified and liability can be attached on them.
- (iii) Memorandum and articles bind the individual members *inter se* and the company to the members.
- (iv) Every company must hold an annual general meeting in every calendar year.
- (v) A company cannot raise deposits for an unlimited amount.

(5 marks each)

2. (a) Write short notes on any two of the following :

- (i) Red-herring prospectus and information memorandum
- (ii) Effect of irregular allotment
- (iii) Resolution passed by circulation by directors.

(4 marks each)

- (b) Distinguish between *any two* of the following :
- (i) 'Shares' and 'debentures'.
 - (ii) 'Ordinary business' and 'special business'.
 - (iii) 'Extra-ordinary general meeting' and 'annual general meeting'.

(4 marks each)

3. (a) Sampath, managing director of a listed company, wants to put a proposal before the Board of directors for reduction of financial year from 12 months to 9 months, i.e., the financial year to end on 31st March, 2006 is proposed to be closed on 31st December, 2005. Before putting the proposal for deliberation to the Board, he wants to understand the legal provisions in this regard. As a company secretary of the listed company, draft a suitable note clarifying the legal provisions involved with regard to reduction of financial year.

(8 marks)

- (b) Whether the State government can object to the transfer of registered office on the ground of loss of revenue to or of employment of citizen of the State? Comment in the light of judicial pronouncements.

(4 marks)

- (c) "A body corporate cannot be a member of a company which is its holding company and any allotment or transfer of shares in a company to its subsidiary shall be void." Explain the statement and comment on the exception to the said general clause.

(4 marks)

4. (a) In line with the judicial pronouncements, define the term 'indoor management'. Under what circumstances 'doctrine of indoor management' cannot be used as a tool to protect the outsiders against the company ?
- (b) Give your opinion whether the Registrar of Companies can take balance sheet and profit and loss account on record even if it is not laid before annual general meeting or placed before the extra-ordinary general meeting.
- (c) "Decision taken by the Board of directors cannot be altered or changed by the shareholders even if they want to approve it with unanimous majority." Comment.
- (d) Write a short note on 'right to inspection of books of account' by a director or his duly appointed attorney.

(4 marks each)

5. (a) Balance sheet of DEF Ltd. as at 31st March, 2005 shows among others the following information :

	Rs.
Paid-up share capital	20 crore
Reserves and surplus	35 crore
Reserve for redemption of debentures	15 crore
Capital reserves	5 crore

The company has already given following loans/stood guarantees for loans to other companies :

- Loan to GHI Ltd. : Rs.12 crore.
- Guarantee given on behalf of JKL Ltd. : Rs.11 crore.

MNO Ltd. has approached DEF Ltd. for loan of Rs.15 crore

Advise the management whether DEF Ltd. can give the loan of Rs.15 crore to MNO Ltd. and if yes, set out the procedure therefor.

(10 marks)

- (b) Outline the provisions with regard to compulsory transfer of profits to reserves which should be borne in mind at the time of declaration of dividend by a company.

(6 marks)

6. (a) What are the duties of the Company Secretary in respect of appointment/re-appointment of sole-selling agent ?

(6 marks)

- (b) State the provisions relating to unclaimed dividend.

(6 marks)

- (c) When is the prospectus not required to be issued ?

(4 marks)

7. (a) What could be the 'objects' of a multi-State co-operative society ?

(5 marks)

- (b) State the rights and disabilities of trustees.

(5 marks)

- (c) In the context of managerial remuneration, explain what does the expression 'inadequate profits' mean.

(6 marks)

8. (a) Discuss the provisions related to 'majority rule' and 'minority rights' with reference to the concept of rights of majority.

(10 marks)

- (b) What are the remedies available to the minority shareholders ?

(6 marks)

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