

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. Distinguish between *any four* of the following :
 - (i) 'Memorandum of association' and 'articles of association'.
 - (ii) 'Trust' and 'bailment'.
 - (iii) 'Transfer of securities' and 'transmission of securities'.
 - (iv) 'Additional director' and 'alternate director'.
 - (v) 'Dividend' and 'interest'.

(5 marks each)
2. (a) The Board of directors of an Indian company passed a resolution for incorporation of a company in Singapore with the initial paid-up capital of \$10,000. Comment whether investment to be made in the Singapore company is exempt from the provisions of section 372A.
- (b) Gold Ltd. is a listed company with paid-up capital of Rs.125 crore and free reserves of Rs.250 crore. Silver Pvt. Ltd. has approached Gold Ltd. for a loan of Rs.300 crore to set up a manufacturing plant. Comment whether Gold Ltd. can give aforesaid loan to Silver Pvt. Ltd. keeping in view that Raman is a director in both the companies.

- (c) Inspection of profit and loss account of a private limited company is permitted only to the members of the company. Comment.
 - (d) How will you ascertain the depreciation of assets, which is destroyed before providing for depreciation in full ?
(4 marks each)
3. (a) Explain 'lifting of corporate veil'.
(b) Explain powers of the Company Law Board to prevent oppression or mismanagement.
(8 marks each)
4. (a) Bright Ltd. desires to raise funds by accepting deposits from the public. Explain the provisions relating to acceptance of deposits.
(10 marks)
- (b) Explain —
(i) Sweat equity; and
(ii) Employees' Stock Option Scheme (ESOS).
(3 marks each)
5. Explain the various aspects relating to —
(i) Preferential allotment of shares by a listed company.
(10 marks)
(ii) Rights issue of shares by an unlisted company.
(6 marks)
6. (a) State the disqualifications of a director.
(6 marks)
- (b) Debentureholders are widely protected under the Companies Act, 1956 in case of defaults in making their payments by the company. Discuss.
(5 marks)

- (c) Suresh, a solicitor, is appointed as director on the Board of Sam Organic Ltd. The company has obtained legal opinion from Suresh and paid a fee of Rs.5 lakh during the financial year 2004-05. Auditor has raised an objection that fee payable to Suresh exceeds the limit prescribed under sections 309 and 198 and hence payment made to him is illegal, as the company has not obtained permission from the Central Government. Therefore, the company should take steps to recover the same from Suresh. Keeping in view the provisions of the Companies Act, 1956, give your opinion on the objection raised by the auditor.

(5 marks)

7. (a) Write a short note on 'pledge of shares held in demat mode'.
- (b) What is the meaning of 'specified number' referred to in section 224(1B) ?
- (c) The Board of directors of Shinewell Ltd. in its meeting held on 24th April, 2005 has declared interim dividend. Subsequently, the Board came to know that accounts were not made properly and hence, interim dividend declared is not justifiable and it is necessary to revoke the interim dividend. What steps will you take to revoke the payment of interim dividend ?
- (d) What do you understand by 'bonus shares' and what are the advantages of issuing bonus shares ?

(4 marks each)

8. (a) State the provisions relating to payment of remuneration to non-executive directors.
- (b) Explain the concept of 'producer company'.

- (c) Vinay was appointed as an additional director by the Board of directors of Prudent Ltd. in its meeting held on 20th July, 2005. Further, Vinay was appointed as a director by members of the company in its annual general meeting held on 2nd September, 2005. Comment whether Vinay is again required to file consent to act as a director.
- (d) State whether a company can appoint more than one Company Secretary keeping in view the increasing compliance requirements.

(4 marks each)

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