

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**End Semester Examination, December 2017****Program:** B.B.A., LL.B. (Hons.) Banking & Finance/International Trade & Investment Laws**Semester:** III**Subject (Course):** Company Law I**Max. Marks** : 100**Course Code:** LLBL 421**Duration** : 3 Hrs**No. of page/s:** 02

Section A**(10×01=10 marks)****All questions are mandatory****Answer True/ False:**

1. The first directors of a company are appointed by the members.
2. The proxy must be a member of the company.
3. A private company cannot allot shares unless it has issued a prospectus.
4. The issued capital is that part of the capital which has been subscribed by the subscribers.
5. The property of the company is the property of its members.

Fill in the blanks:

6. In the case of a _____ company, _____ of the total number of directors, generally, are rotational directors.
7. A director may be removed by the members in a general meeting by passing _____ resolution.
8. Allotment of shares or debentures must be made after getting minimum _____% subscription against entire public issue.
9. The companies which are formed under special Act are called as _____.

Section B**(04×05=20 marks)****Write short notes on the following (any four):**

10. Registration of a company.
11. Transfer of shares
12. Extra ordinary General Meeting
13. Sweat Equity shares
14. Doctrine of *ultra vires*.

Section C**(02×10=20 marks)****Answer any two**

15. "A company incorporated under the Companies Act, 2013 does not have the right to reduce its share capital on selective basis". Comment

16. "The directors ought not to misuse the trust and belief entrusted in them".
Comment.
17. (a) "Dividends can be declared only in the Annual General Meeting". Discuss
(b) Can a dividend once declared be revoked? If so, explain the circumstances under which it can be done.

Section D

(04×12.5=50 marks)

All questions are mandatory

18. Mohan, who was appointed as an additional director at the Board Meeting held on 15th June, 2014 continues to be in his office on the ground that the Annual General Meeting for the financial year 2013-2014 was not held as required under the Companies Act, 2013. Whether continuance of Mohan in the office is valid? Will your answer be different if Mohan was also Managing Director for a period of five years with effect from 1st June, 2014 at the same Board Meeting?
19. The Secretary of a company issues a share certificate in favour of Mr. Cook which apparently complied with the company's articles as it is purported to be signed by two directors and the secretary, and it had the company's seal affixed to it. In fact, the secretary had forged the signatures of the directors and affixed the seal without authority. Is the certificate binding on the company?
20. A company issued a prospectus advertising that the company has a great "potential turnover" of a million bags of cement in a year. It is discovered later that while the company did have the installed capacity of one million bags, it had never produced more than 6 lakh bags of cement in a year. Buyers of the shares seek remedy against the misleading statement. Will they succeed?
21. 40% of the paid up share capital of a company A is held by the Central Government, 11% by public institutions like the Life Insurance Corporation of India and the Unit Trust of India. Is A a government company?



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Section A

(10×01=10 marks)

All questions are mandatory

Answer True/ False:

1. Additional directors are appointed by the shareholders in the general meeting.
2. A company having its registered office in New Delhi, can hold its Extra-ordinary General Meeting in Mumbai.
3. In the absence of an indication to the contrary, preference shares are non-cumulative.
4. An associate company is a company formed for future projects without carrying out any significant accounting transactions.
5. A company can shift its registered office from Kolkata to Chennai

Fill in the blanks:

6. A private company must have at least _____ directors.
7. A board meeting shall be held at least once in every _____ months and at least _____ such meetings shall be held in every year.
8. Shares of public company are _____ transferable.
9. A public company can be converted into a private company only after the approval of the _____.

Section B

(04×05=20 marks)

Write short notes on the following (any four):

10. Association not for profit
11. Transmission of shares
12. Annual General Meeting
13. Bonus shares
14. Alteration of Articles of Association

Section C

(02×10=20 marks)

Answer any two:

15. "The Companies Act, 2013 takes the concept of board independence to another level altogether". Comment.

16. What is the meaning of pre-incorporation contract? Can it be ratified after the incorporation of a company?
17. Explain the circumstances under which a company resorts to buy back of its shares and elaborate the procedure for buy back of shares under the Companies Act, 2013.

Section D

(04×12.5=50 marks)

All questions are mandatory

18. Amol, a non-member of Shethi Ltd., has been appointed as a director of the company. Later on, he has become the chairman of the company. In an Annual General Meeting of Shethi Ltd., Amol presided over the meeting. Zahir, a member of the company, objected to his chairmanship on the ground that Amol is not a member of the company. Discuss the validity of the objection.
19. The Articles of a company empowered the directors to determine who should have the authority to draw bills on behalf of the company. 'C', the manager of a branch of the company, drew bills on behalf of the company in favour of 'K', who took them in good faith believing that 'C' was authorized to draw them. In fact, 'C' had no such authority. Is the company liable on the said bill? Will it make any difference if 'C' had been a director of the company?
20. The main object of a company is to manufacture steel and steel related products. Seeing the potential for new business the Board of Directors decided to go in for manufacture of cement. These are included in the 'other objects' of the company. Can the company undertake the aforesaid new business? Discuss.
21. An allottee of shares in the company has brought an action against Director Q in the company in respect of false statements in the prospectus. The Director has contended that the statements were prepared by promoters and he relied on them. Is the director liable under the circumstances?