



UNIVERSITY OF PETROLEUM & ENERGY STUDIES

DEHRADUN

End Semester Examination – December, 2017

Program/course: B. Tech - ET+LL.B. IPR, B. Tech - CSE + LL.B. (Hons.) Cyber Laws

Subject: Company Law-1

Semester – VII

Code : LLBL 421

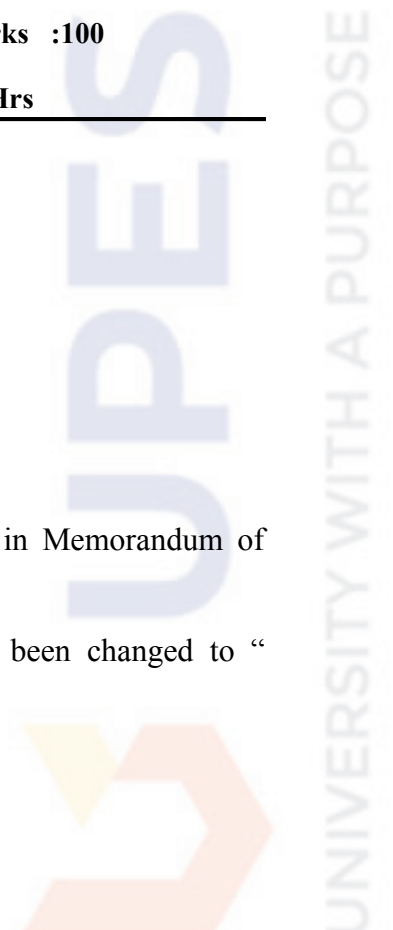
Max. Marks :100

No. of page/s: 3

Time: 3 Hrs

Part A: Short Answer Type Question (1 X10 =10)

- A. State the modes of fund raising.
- B. State some of the possible reasons for reduction of capital.
- C. Is it possible to issue the shares at discount?
- D. Is it mandatory for a company to mention the authorized capital in Memorandum of Company?
- E. Why do you think that term” Memorandum of association” has been changed to “Memorandum”
- F. State the relation between Memorandum and Articles of Company
- G. Prospectus is referred as the” key” to the Company. Why?
- H. What are pre- incorporation contracts?
- I. Is promoter under fiduciary obligation?
- J. Difference between Dividend and Interest



Part B: Conceptual Type Question(10X2 = 20)

- A. Write short notes on the following: (2.5 Marks each)
- I. Difference between final and interim dividend.
 - II. Is it possible for Mr. X wants to be director for 21 companies? State reasoning in favor of your answer
 - III. Equity and Preference shares.
 - IV. Business to be transacted at Annual General Meeting and the importance of Meetings in General
- B. Write a note on qualifications and appointment of directors. Also highlight their duties and liability along with the concept of diversification of Board, as seen in Companies Act 2013. (10 Marks)

Part C: Analytical Type Question (10X2 = 20)

- A. There is a divorce between ownership and management of a company. In the light of this statement, shed light on the way/s of working of a Company in India.
- B. Companies Act 2013, has introduced some significant changes so as to ensure the economic growth and reduction in the rate of fly by night companies. State the changes introduced with focus on principles involved. Companies Act 2013 intends to achieve the objectives of ensuring that capital of shareholders is not put to improper use and hence the number of disclosures to be made by the company has gone up by considerable extent. Also, the punishments for the officers in default have also increased. Comment

Part D- Problem Based Question(50 Marks)

- A. Sunshine private Ltd had a registered capital of Rs 50,00,000 consisting of 5,00,000 shares of Rs 10 each. It had issued 3,00,000 shares and applications for 3,20,000 shares

were received. Applications for 20,000 shares were rejected and 3,00,000 shares allotted. As the date of closing, the company had called for only Rs 7 per share. All money was duly received except for a few hundred shareholders holding 10,000 shares on which only Rs 5 per share was paid. What will be the amount that will be reflected as paid up capital.

(10 Marks)

B. As a Legal Advisor are required to prepare an opinion note on the Following queries:

(I)- Sakshatkaar is the director of A & B Ltd. Company. Sakshat has borrowed Rs 50 lakhs on reasonable terms from Gappu Sharma for Company's benefits and business. It is worth mention that Sakshatkaar has no power to borrow. Give a note on the legal position. (10 Marks)

(II)- In the general meeting of A & B Ltd., held on 2.5.2017. Mr. Ramakrishna was appointed as a Director. On that day, he was not holding equity shares in A & B Ltd. As per the Articles of Association of A & B Ltd., It is mandatory for a person to hold 500 shares for being eligible to be appointed as the director of A & B Ltd. Mr. Ramakrishna has approached you to ask whether such a condition of holding 500 shares for becoming a director is valid. (10 Marks)

C. Teju Pratapi & Shajid from S & P Ltd., have approached you for your legal opinion on the following:

(I) S & P Ltd has issued a prospectus to the public stating that the Company has paid dividend regularly and the prospectus is silent relating to the sources of profits, i.e., whether trading profits or capital profits. The fact is that the company has incurred losses for all the last 5 years, but the dividend is paid out of realized capital profits (i.e., secret reserves). Teju Pratapi, a shareholder, claimed that the prospectus is false. Teju Pratapi seeks your opinion on his claim.

(10 Marks)

(II) Shajid, who plays a key role in the affairs of the S & P Ltd., has asked you for your opinion regarding the introduction of stricter provisions in comparison to the provisions of Companies Act 2013. Shajid wants a system which is very strict so as to reduce the scope of any issues in future. He asks for a way out. (10 Marks)



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Part A: Short Answer Type Question (2 X 5 =10)

- A. Equity and Preference shares.
- B. Difference between final and interim dividend.
- C. Business to be transacted at Annual General Meeting
- D. Relation between Memorandum and Articles of Company
- E. Pre- incorporation contracts

Part B: Conceptual Type Question (10X2 = 20)

- A. Write short notes on the following: : (2.5 Marks each)
- I. Why do you think that term” Memorandum of association” has been changed to “Memorandum?
 - II. Is it mandatory for a company to mention the authorized capital in Memorandum of Company?
 - III. Is promoter under fiduciary obligation?
 - IV. State the modes of fund raising with focus on share capital.
- B. Director is like captain of the ship, the role of directors is imperative and hence the duties imposed are also many and invites serious consequences in cases of violation. Comment

Part C: Analytical Type Question (10X2 = 20)

- A. One of the best advantages for associating with a company is that shareholders do not have to worry about day to day management. But, still the set-up is not devoid of check and balances. Comment
- B. Companies Act 2013 intends to achieve the objectives of ensuring that capital of shareholders is not put to improper use and hence the number of disclosures to be made by the company has gone up by considerable extent. Also, the punishments for the officers in default have also increased. Comment

Part D- Problem Based Question (12.5 * 4= 50 Marks)

- A. In the general meeting of G & T Ltd., held on 25.6.2016. Mr. Shajid, the Shayar was appointed as a Director. On that day, he was not holding equity shares in G & T Ltd., As per the Articles of Association of G & T Ltd., It is mandatory for a person to hold 600 shares for being eligible to be appointed as the director of G & T Ltd., Mr. Shajid, the Shayar, has approached you to ask whether such a condition of holding 600 shares for becoming a director is valid.
- B. Mr. Ramakrishna is the director of A & B Ltd. Company. Mr. Ramakrishna has borrowed Rs 50 lakhs on reasonable terms from Gappu Sharma for Company's benefits and business. It is worth mention that Mr. Rmakarishna has no power to borrow. Give a note on the legal position.
- C. Mr. Sharma & Miss Sharmili from S & P Ltd., have approached you for your legal opinion on the following:
- (I) S & P Ltd has issued a prospectus to the public stating that the Company has paid dividend regularly and the prospectus is silent relating to the sources of profits, i.e., whether trading profits or capital profits. The fact is that the company has incurred losses for all the last 5 years, but the dividend is paid out of realized capital profits (i.e., secret reserves). Mr. Sharma, a shareholder, claimed that the prospectus is false. Mr. Sharma seeks your opinion on his claim.
- (II) Miss Sharmili, who plays a key role in the affairs of the S & P Ltd., has asked you for your opinion regarding the introduction of stricter provisions in comparison to the provisions of

Companies Act 2013. Miss Sharmili wants a system which is very strict so as to reduce the scope of any issues in future. He asks for a way out.

