

## CHAPTER 1 - INTRODUCTION

1. The separate personality of a company is a statutory privilege and it must be used for legitimate business purposes only.(4 marks) [CSEM - II] 2008 – Dec [5]  
**(Hint: Doctrine of Lifting of or Piercing of Corporate Veil)**
2. Write a note on Illegal association.(4 marks) [CSEM - II] 2013 - June [6]
3. Distinguish between 'Company' and 'corporation'.(4 marks) [CSEM - II] 2010 - June [6]
4. Distinguish between 'Company' and 'partnership firm'.(4 marks) 2013 - Dec [2]
5. Distinguish between 'Limited liability partnership' and 'body corporate'.(4 marks) 2015 - June [2]
6. Distinguish between 'Company' and 'limited liability partnership'.(4 marks) 2015 - June [2]
7. Two companies are incorporated with the same set of shareholders. Are they same or distinct under the Companies Act, 2013? Discuss. (4 marks) [CSIG - II] 2008 - June [6]  
**(Hint: Characteristics of a Company - Separate legal entity)**
8. Common seal of a company will have to be affixed on all the letters and documents of the company. Comment. (5 marks) [CSEM - II] 2008 - Dec 1 (5 marks) [CSEM - II]  
**(Hint: Characteristics of Company – Common Seal is now optional)**
9. What do you understand by the term 'illegal association'? (8 marks)  
[CSEM -II]2008 - Dec [8]
10. "Common seal of a company will have to be affixed on all the letters and documents of the company." Discuss. (5 marks) [CSIM - II] 2009 - Dec [1] {C}  
**(Hint: Characteristics of Company – Common Seal is now optional)**
11. The managing director and other directors of a company are not liable to be sued for dues against a company. Comment (5 marks) [CSEM - II] 2011 - June [1] {C}  
**(Hint: Characteristics of Company – Separate Legal Entity, so company is sued)**
12. The competent Tribunal of law can entertain a petition for winding-up of an illegal association under company law. Comment (5 marks) [CSEM - II] 2011 - June [1] {C}
13. A company can be regarded as having enemy character under certain circumstances. Comment (5 marks) [CSEM - II] 2011 - June [1] {C}  
**(Hint: Corporate Veil)**
14. A shareholder who holds 99% of the share capital of a company can be held liable for the acts of the company. Comment (5 marks) [CSEM - II] 2012 - June [1] {C}

**(Hint: Characteristics of a Company – Separate Legal Entity)**

15. A shareholder is held personally liable for the acts of the company, if he holds virtually the entire share capital of the company. Comment (5 marks each) 2013 - Dec [1]

**(Hint: Characteristics of a Company – Separate Legal Entity)**

16. Common seal acts as the official signature of a company. Comment (5 marks each) 2013 - Dec [1]

**(Hint: Characteristics of a Company – Common Seal)**

17. Common seal can be used by any employee of the company irrespective of his designation. Comment (5 marks) 2014 - June [1]

**(Hint: 2 persons – 1 director & 1 cs or 2 directors)**

18. "Separate personality of a company is a special privilege. In case of dishonest or fraudulent use of this privilege, corporate veil can be lifted". Discuss.(4 marks) 2014 - June

**(Hint: Doctrine of lifting of or piercing the corporate veil)**

19. Piercing through corporate veil. Comment (5 marks) 2014 - Dec [1]

20. In an annual general meeting of Amar (Pvt.)Ltd., all the shareholders were killed in a bomb blast. State, whether the company is still in existence. If so, how? (4 marks) 2014 - Dec [2A]

**(Hint: Characteristics of a company : Separate legal entity & perpetual succession)**

21. A company incorporated under the Companies Act, 2013, being an artificial person, is not entitled to sue a natural person or to sue another company incorporated under the same Act. Comment (5 marks) 2015 - Dec'[1 ]

**(Hint: Characteristics of a company – Corporate Personality )**

22. A company incorporated under the Companies Act, 2013 never dies except when it is wound-up as per the law. Comment (5marks) 2015 - Dec'[1 ]

**(Hint: Characteristics of a company – Perpetual Succession)**

23. Explain clearly the meaning of 'lifting of corporate veil' in relation to a company incorporated under the Companies Act, 2013. Examining the judicial decisions, state whether 'corporate veil' can be lifted in the following cases:

(a)Where the corporate veil has been used for improper conduct; and

(b) Where the acts of a company are opposed to workmen? (4 marks) 2015 - Dec [2A]

**(Hint: Doctrine of lifting up of or piercing the corporate veil)**

24. Three companies incorporated with the same set of shareholders are treated as same companies under the Companies Act, 2013. (5 marks) Comment 2017 - Dec [1]  
**(Hint: Characteristics of a company: Separate legal entity)**
25. One of the subscribers to Memorandum of Association of a company under process of incorporation is a foreign national residing outside India. State the provisions of Companies Act, 2013 regarding authentication of his signature and address. Will the requirement of business visa be applicable to his case if he is a person of Indian origin or overseas citizen of India?(4 marks) 2017 - Dec [3]  
**(Hint: Apostile rules)**
26. Rani is a wealthy lady enjoying large dividend and interest income. She has formed three private companies and agreed with each of them to hold a block of investment as an agent for it. Income received was credited in the accounts of the company but the company handed back the amount to her as a pretended loan. This way, she divided her income in three parts in a bid to reduce her tax liability. Discuss the legality of the purpose for which the three companies were formed. (5 marks) [CSEM- II] 2010 - June [5]  
**(Hint: lifting up of corporate veil – Sir Dinshaw Maneckjee Petit)**
27. Six persons are the only members of Tab (Pvt.) Ltd. All of them went to USA on a pleasure trip by aeroplane. On the way, the plane crashed and all the six members died. Does Tab (Pvt.) Ltd. still exist? Decide. (4 marks) 2016 - Dec [4]  
**(Hint: Characteristics of a company: perpetual succession)**
28. Write short note on one person company.
29. Distinguish between Hindu Undivided Family and company.
30. Describe the procedure for incorporation of public company.
31. Discuss the new concepts relates to types of companies under companies Act, 2013.
32. Describe the procedure for incorporation of private company.
33. Raman Pvt. Ltd. has only two shareholders, X and Y. All shares were fully paid-up. X sold all his shares to Y and the company carries on its business activities thereafter. (December – 2018)  
**(Hint: Min 2 members clause)**
34. The companies Act, 2013 does not provide statutory recognition to the doctrine of lifting of corporate veil. Only judicial interpretations disregard the concept of separate personality. Comment (5 marks) 2019 - Dec [1]{a}

35. The Articles of Association of a company cannot impose a blanket ban prohibiting transfer of shares in favour of a minor. Such a restriction is unreasonable and not sustainable. Comment. (5 marks) 2019 - June [1]{c}

**(Hint: Articles can put reasonable conditions but not an absolute ban)**

36. A public limited company has only seven shareholders. Being all the shares paid in full, one such shareholder purchased all the shares of another shareholder in a private settlement between them reducing the no. of shareholders to six. The company continues to carry on its business thereafter. Discuss with reference to the Companies Act, 2013 the implications of this transaction on the functioning of the company. (5 marks)- 2019 June- [3]{c}

**(Hint: Public co. needs to have min. 7 members. If number is not increased to 7, it shall be liable to wound up)**

37. Pluto Ltd. was incorporated on 10th June, 2013 in Delhi and is engaged in the business of providing specialized catering services for corporate events. The Board of directors proposed to venture into event management services, which requires the alteration of the object clause of the Memorandum of Association of the company. Draft the necessary resolution assuming relevant data. (4 marks)- 2019- June [5]{a}

## CHAPTER 2 –PART A - SHARE CAPITAL

1. Write short note on the golden rule or golden legacy. (4 marks) [CSEM - II] 2008 - Dec [5]
2. Write short note Red-herring prospectus (4 marks) [CSEM - II] 2009 - June [4]
3. Distinguish between 'reserve capital' and 'capital reserve'. (4 marks) [CSEM - U] 2009 - Dec [3]
4. Distinguish between 'Shelf prospectus' and 'red-herring prospectus'.(4 marks) [CSEM-II] 2009 - Dec [3]
5. Distinguish between 'Nominal capital' and 'subscribed capital'. (4 marks) [CSEM - II] 2010 - June [6]
6. Distinguish between 'Shares' and 'stock'. (4 marks) [CSEM - II] 2010 - June [6]
7. Distinguish between 'Capital reserve' and 'reserve capital' (4 marks) [CSEM - II] 2012 - June [7]
8. Distinguish between 'Letter of allotment' and 'letter of renunciation'. (4 marks) [CSEM-II] 2012 - Dec [5]  
**(Hint: allotment letter after allotment and renunciation in case of rights issue)**
9. Distinguish between 'Brokerage' and 'underwriting commission'. (4 marks) [CSEM - II] 2012 - Dec [5]
10. Distinguish between 'Reserve capital' and 'capital reserve'. (4 marks) [CSEM - II] 2012 - Dec [5]
11. Distinguish between 'Preference shares' and 'equity shares'. (4 marks) 2015 - Dec [2]
12. Distinguish between 'Red-herring prospectus' and 'abridged prospectus'. (4 marks) 2015 - Dec [2]
13. Define 'prospectus'. What are the ingredients to constitute a prospectus ?(6 marks) [CSEM - II] 2009 - Dec [41]
14. What are the documents required to be attached with the draft red- herring prospectus to be filed with the Registrar of Companies ? (6 marks) [CSEM -II] 2009 - Dec [41]
15. Registrar of Companies can refuse registration of prospectus. Explain. (4 marks) [CSEM - II] 2009 - Dec [41]
16. 'Red-herring prospectus' means a prospectus which has complete particulars on the price of the securities offered and the quantum of securities offered. (5 marks) [CSEM - II] 2010 - June [1] {C}

17. Explain the manner in which calls on shares should be made by a company. (4 marks)

[CSEM - II] 2012 - Dec [4] (4 marks) [CSEM - II]

18. Securities premium shall be utilised for certain specific purposes only. Explain (4 marks)

2013 - Dec [2]

**(Hint: 5 uses of Securities Premium Account)**

19. Public companies can issue 'shelf prospectus'. Comment (5 marks) 2014 - June [1]

20. A company 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 realised capital profits (i.e., secret reserves), Y, a shareholder, claimed that the prospectus is false. Whether Y'S contention is correct? Discuss. (4 marks) 2014 - June [5]

**(Hint: Concealment of facts against golden rule, hence breach)**

21. Shortcut Ltd. has allotted shares to investors of the company without filing prospectus with the Registrar of Companies, Mumbai. Explain the remedies available to the investors in this regard. (4 marks) 2014 - Dec [2A]

22. A public limited company incorporated under the Companies Act, 2013 may amend its articles of association so as to confer upon it power to forfeit the shares of those members who have defaulted in the payment of calls made by the company. Comment (5 marks)

2015 - Dec [1]

**(Hint: Forfeiture – Power of Board)**

23. In the case where the shares of a company are held in joint-names of two persons Arpit and Rakshit and one of these joint-holders requests the company to split the shares equally between them by issuing fresh share certificates, what should the company do?(4 marks) [CSEM - II] 2010 - June [4] (a)

**(Hint: To be refused as this is transfer not split)**

24. Well-done Ltd. wants to make a first call of ` 30 on equity share of nominal value of ` 100 each on 16th October, 2011. Can it do so? Further, if the company proposes to make second call on 7th November, 2011, will it be permitted to do so?(4 marks) [CSEM - II] 2011 - Dec [6]

**(Hint: Gap between two calls -30 days)**

25. A deceitful prospectus was issued by the directors on behalf of the company. Pavan received a copy of it, but did not take any shares in the company. The allotment of shares to applicants was completed. Several months later, Pavan bought 2,000 shares of that company from the stock market. He proceeded with a suit against the directors for issuing deceitful prospectus. Will he succeed? (4 marks) 2013 - Dec [5]

**(Hint: Remedies against misstatement in prospectus)**

26. On receipt of 85% of the minimum subscription stated in the prospectus, Little Stars Ltd. allotted 200 shares to Ranjit and the money was deposited in a scheduled bank. Later on, it was revealed that 40% of the amount withdrawn was for acquisition of fixed assets for the company. Ranjit, knowing these facts, refused to accept the allotment contending that the allotment was irregular under the provisions of the Companies Act, 2013. As an expert on company law advise Ranjit. (4 marks) 2014 - Dec [4]

**(Hint: Minimum Subscription – 90% of Issue size)**

27. "If a company does not receive minimum subscription, it should refund money received from applicants within such time as may be prescribed". Explain the above statement with suitable comments. (3 marks) 2019 - June [2]{a}

**(Hint: Min. sub- 90% of the total issue size. If not received, shall be return in 30 days from closure of issue)**

28. State the time within which certificate of securities as provided in Companies Act, 2013 to be issued in case of :

(i) Any allotment of shares.

(ii) Any allotment of debentures.

What is the punishment in case of default committed in the above cases? (3 marks) 2019 - June [2]{e}

**(Hint: In case of shares- 2 months from allotment & Debenture- 6 months from the date of allotment)**

29. Draft "A specimen of deed of Assignment of shares of a company". (3 marks) 2019 - June [2A]{a}

## CHAPTER 2 PART B – SHARE CAPITAL - ISSUE OF SECURITIES

1. Write a note on Issue of sweat equity shares. (4 marks) 2014 - Dec [3A]
2. Distinguish between 'Sweat equity' and 'issue of capital on preferential basis'.  
(4 marks each) [CSEM - II] 2009 - Dec [3]
3. Distinguish between 'ESOS' and 'ESPS'.(4 marks each) [CSEM - II] 2009 - Dec [3]
4. Distinguish between 'Rights Shares' and 'bonus shares'.  
(4 marks) [CSEM - II] 2010 - Dec [8]
5. Distinguish between 'Sweat equity' and 'employees' stock purchase scheme'.  
(4 marks) [CSEM - II] 2010 - Dec [8]
6. Distinguish between 'Rights issue' and 'bonus issue'.(4 marks)[CSEM - II]2011 - June [3]
7. Distinguish between 'ESOP' and 'sweat equity shares'.(4 marks) 2015 - June [2]
8. Distinguish between Redemption of shares and Redemption of debentures.  
(4 marks) 2018 - June [2]
9. Bonus issue may be viewed as a 'rights issue' except that money is paid by the company on behalf of the investing shareholders from its reserves. Comment  
(5 marks) [CSEM - II] 2008 - Dec [1] {C}  
**(Hint: difference between bonus issue and rights issue)**
10. Redeemable preference shares are not preference shares. Comment  
(5 marks) [CSEM-II] 2010 - Dec [1] {C}
11. Preference shares are non-cumulative unless expressly stated to be cumulative. Comment  
(5 marks) [CSEM - II] 2011 - June [1] {C}  
**(Hint: by default, every preference share is a preference share, if not expressly stated)**
12. Every employee of a company shall be eligible to participate in Employee Stock Option Scheme (ESOS). Comment (5 marks) [CSEM - II] 2012 - Dec [1] {C}  
**(Hint: specify who all are eligible for ESOP)**
13. Whether equity shares already issued can be converted into redeemable preference shares? Discuss. (4 marks) [CSEM-II] 2012 - Dec [4] (d)  
**(Hint: not allowed as permanent cant be converted into impermanent capital)**



14. Section 62 of Companies Act, 2013 ensures preemptive rights of shareholders. Discuss. (4 marks) [CSEM-II] 2012 • Dec [6] (b) (4 marks) [CSEM - II]

**(Hint: Provisions of rights issue to be specified)**

15. In no circumstances a company can issue redeemable preference shares with a redemption period beyond 20 years. Comment (5 marks) 2015 - June [1]

**(Hint: Infra cos – 30 years)**

16. Referring to the provisions of the Companies Act, 2013, state the conditions required to be fulfilled before a company can issue bonus shares to shareholders of the company. (4 marks) 2015 - June [3A]

17. In view of the provisions of the Companies Act, 2013 relating to 'securities premium', state whether the amount lying in securities premium account of a company can be used:

(i) For issuance of bonus shares; and

(ii) For payment of dividend declared by the company at its general meeting.

(4 marks) 2015 - Dec [4]

**(Hint: Purpose of Securities Premium Account. Allowed for bonus and not dividend)**

18. Board of directors of Progressive Ltd. decides to issue equity shares of the company with differential voting rights. Examining the provisions of the Companies Act, 2013, state the conditions to be complied with by the company in this regard. (8 marks) 2016 - Dec [5]

19. As a Practicing Company Secretary, advise your client company regarding the matters relating to issue of shares with differential rights, to be included in the Board of Directors Report. (4 marks) 2017 - June [6]

20. The Board of directors of Nav Avtar Ltd. passed a resolution for issue of rights shares. However, certain shareholders of the company raised an objection as to whether the company needed additional capital. Discuss the validity of the counter-move taken by the shareholders and resolution passed by the Board.

(4 marks) [CSEM - II] 2012 - June [8]

**(Hint: Decision on rights issue, power of board and not shareholders)**

21. The Board of directors of Aakash Ltd., a listed company, at its meeting held on 1st April, 2011 announced a proposal for issue of bonus shares to all equity shareholders of the company at 1:1 ratio. On 18 May, 2011, the directors at another meeting passed a resolution

to reverse the proposal of bonus issue announced on 1st April, 2011. Discuss the validity of the proposal and the reversal. (4 marks) [CSEM - II] 2012 - June [8]

**(Hint: no revocation allowed after declaration of record date)**

22. During the financial year 2016-17, the Board of Directors of CARE Automation Services Limited has issued shares to employees under Employees Stock Option Scheme. Ms. Excellent has recently joined the Board of the company and asks you, the Secretary of the company, as to what details are to be disclosed in the Board's Report for the year ending 31 March, 2017 in this regard. Advise her. (4 marks) 2017 - June [4]
23. ABC Ltd. holds 75% equity share capital of DEF Ltd. and controls composition of Board of Directors of DEF Ltd. ABC Ltd. goes for public issue for raising further share capital. Board of Directors of ABC Ltd. allot 10% of the issue to DEF Ltd. Referring to the provisions of the Companies Act, 2013 examine the validity of Board's decision to allot 10% of issue to DEF Ltd. DEF Ltd. holds certain number of shares as a legal representative of a deceased member of ABC Ltd. and has a right to vote at a general meeting of ABC Ltd. in respect of such shareholding, will this right be affected by issue of 10% to DEF Ltd. by ABC Ltd.? (4 marks) 2017 - Dec [3] (b)

**(Hint: Subsidiary Company cannot vote for its shares in holding company. However, on behalf of deceased member, its allowed to vote)**

24. Describe the Procedure for Issue of Equity Shares with Differential Voting Rights.
25. Describe the Procedure for issue of shares on Preferential basis.
26. Describe the procedure for issue of bonus shares.
27. Describe the Procedure for issue of Right Shares.
28. Describe the Procedure to issue and redemption of Preference Shares.
29. Certain members of a company are allowed to offer for sale their shareholding in the company to the public, such offer document is deemed to be prospectus issued by the company. Comment. (5marks) -2019-Dec [1]{d}

**(Hint: Offer for Sale)**

30. Green Commercial Ltd., an unlisted company, has made a preferential offer of shares for consideration other than cash. A question has been raised by the accounts department as to the valuation of consideration at allotment and the manner of treatment of non-cash consideration in books of account. As a practicing Company Secretary advise the

company with reference to the provisions of the Companies Act, 2013. (3 marks)-2019-Dec [2]{c}

**(Hint: Valuation by Registered valuer. If it is in form of depreciable or amortizable asset - carried to the balance sheet; any other form - treated as expenses)**

30. Prism Ltd. which has 50 preference shareholders called a preference shareholders meeting for amending the terms of these shares. 'A' was the only preference shareholder who attended the meeting. He, however held the proxies from all other preference shareholders. He took the chair, conducted the meeting and passed a resolution for amending the terms of the issue of these shares. Examine the validity of the meeting and the resolution passed. (4 marks) 2019- June [5]{v}

**CHAPTER 2 – PART C – SHARE CAPITAL BUY BACK AND REDUCTION OF SHARE CAPITAL**

1. Write a note on Conditions for valid forfeiture of shares (4 marks) 2014 - June [6]
2. “Diminution of share capital is not always regarded as reduction of capital.” Comment.(5 marks) [CSEM - II] 2009 - Dec [1] {C}  
(Hint: Difference between reduction and cancellation)
3. Piyush Ltd. decided to buy-back its shares with the approval of the Board of directors. As the Company Secretary of the company, advise the Board about the conditions and limitations in this regard. (10 marks) [CSEM - II] 2009 - Dec [7] (c)
4. What are the important rules relating to forfeiture of shares?  
(8 marks) [CSEM - II] 2010 - Dec [6] (a)
5. Explain the procedure for reduction of share capital. (4 marks) 2014 - June [5]
6. A company incorporated under the Companies Act, 2013 does not have the right to reduce its share capital on selective basis. Comment (5 marks) 2015 - Dec [1]
7. Money Ltd. desires to reduce its paid-up capital by purchasing from some select shareholders holding shares constituting 20% of its paid-up capital. Can it do so? Discuss.(8 marks) [CSEM - II] 2010 - Dec [7]
8. Board of Directors of Pious Ltd. gives you the following information extracted from the company’s financial statements as at 31st March, 2015:

	i. `
Authorised equity share capital	10 crore
(1 crore shares of	` 10 each)
Paid-up equity share capital	5 crore
General reserve	5 crore
Debenture redemption reserve	2 crore

Board of Directors by a resolution passed at its meeting decides to go for buy-back of shares of the extent of 20% of the company’s paid-up share capital and free reserves. Examine the validity of the Board’s resolution with reference to the provisions of the Companies Act, 2013. (4 marks) 2015 - Dec [4] (b)

(Hint: Quantum of Buy Back with boards permission is 10% of paid up equity share capital, free reserve & securities premium account)

9. Enkebee Ltd. wants to purchase its own 1,00,000 equity shares @ ` 10 each out of the following:

- (a) Unsecured loan ` 5 lakh
- (b) Balance of depreciation reserve for ` 3 lakh
- (c) Securities premium account ` 4 lakh.

Examine the legality of the above transactions for the buy-back of securities of the company under the provisions of the Companies Act, 2013. (4 marks) 2018 - June [3] (b)

**(Hint: Sources of buyback)**

10. Confident Ltd. has forfeited 50,000 equity shares of the company @ ` 10 each and same were re-issued. After the filing of the annual return, the Registrar of Companies (ROC) has issued show cause notice to the company for default of provisions of section 39 of the Companies Act, 2013. Is the action of the ROC tenable under the provisions of the Companies Act, 2013? Discuss with relevant case law, if any. (4 marks) 2018 - June [4] (d)

**(Hint: not required since its re issue and not fresh issue)**

11. Premium Ltd. is considering buy-back of its shares without using any proceeds of shares or other specified securities. The balance sheet of Premium Ltd. shows the following status as on 31<sup>st</sup> March, 2018 :

Assets /Liabilities	Amount Rs.
Share Capital :	
1,00,000 Equity shares of Rs. 10 each [fully paid]	10,00,000
Free reserves	5,00,000
Unsecured debt	7,00,000
Secured debt.	15,00,000

Determine the maximum quantum of buy-back of shares with the shareholders' approval as on 1<sup>st</sup> April, 2018. (December - 2018)

**(Hint: Quantum of buy back – 25% of paid up share capital+FR+SPA)**

12. If a company has appointed a Company Secretary then his signature is mandatory on the share certificate issued by the company. Analyse with reference to the provisions of the Companies Act, 2013. (December - 2018)

**(Hint: Issue of Share Certificate, authentication)**

**CHAPTER 2 PART D SHARE CAPITAL - TRANSFER AND TRANSMISSION OF SECURITIES**

1. Write a note on Fungibility (4 marks) [CSEM - II] 2013 - June [6]
2. Write a note on a forged transfer of shares is a nullity. (4 marks) 2014 - Dec [3A]
3. Distinguish between 'Beneficial owners under depository mode' and 'registered owners under depository mode'. (4 marks) [CSEM - II] 2012 - Dec [5]
4. Distinguish between 'Transfer' and 'transmission' of shares. (4 marks) 2013 - Dec [2]
5. Distinguish between 'Transfer of shares' and 'transmission of shares'. (4 marks) 2014 - Dec [2]
6. Distinguish between 'Transfer of shares' and 'transmission of shares'. (4 marks) 2016 - Dec [2]
7. What do you understand by 'transmission of shares'? (2 marks) [CSEM - II] 2009 - Dec [7] (a)
8. What are the benefits of 'depository system'. (8 marks) [CSEM - II] 2010 - Dec [6] (b)
9. What are the benefits of the depository system of stock holding? (4 marks) [CSEM - II] 2012 - Dec [4] (c)
10. Examine the validity of transfer and transmission of shares in favour of a minor under the provisions of the Companies Act, 2013. (4 marks) 2015 - Dec [4] (d)
11. Aniket has fraudulently sold his shares to two different transferees. Who will be entitled to the shares in priority? (4 marks) 2018 - June [3A]  
**(Hint: First Transferee)**
12. Grace Ltd., a public limited company has received an application from Rosy for transmission of certain shares in her name. Rosy, being a widow of a shareholder, applies for transmission of the shares standing in the name of her deceased husband without producing a succession certificate. Can the company transfer the shares of the deceased member? Discuss.  
(4 marks) [CSEM - II] 2009 - Dec [8] (c)  
**(Hint: allowed provided the same is specified in AOA)**
13. Mohan applied for 4,000 shares in a company but no allotment was made to him. Subsequently, 4,000 shares were transferred to him without his request and his name was entered in the register of members. Mohan stood by and allowed his name to remain in the register of members. Subsequently, the company went into liquidation and he was

held liable as a contributory. Now, Mohan wants to apply to the Tribunal for rectification of the register of members. Can he do so? Explain. (4 marks) [CSEM - II] 2012 - Dec [8] (d)  
**(Hint: Not allowed since he becomes a member by Estoppel)**

14. An employee of a company purchased certain shares of his company through a member of a stock exchange and lodged with the company an application for transfer of shares in his (employee's) name. The company refused to execute the transfer on the suspicion that the employee, if admitted as a member of the company, will create nuisance in general meetings and seek access to the records of the company. Decide giving reasons —
- (i) Whether the company's contention shall be tenable; and
  - (ii) What is the remedy available to the employee in the given case? (4 marks) 2015 - June [3]

**(Hint: Bajaj Auto Case and remedies for refusal ie application before Tribunal)**

15. Write SHORT NOTES on Rematerialisation of securities.
16. Write SHORT NOTES on Dematerialisation of securities.
17. Enumerate the steps for transfer of dematerialised shares.
18. Enumerate the steps for hypothecation of dematerialised shares.
19. How does investor avail the services of depository.
20. Describes the process of the company to be followed by on refusal to register the transfer of securities.
21. If a company has appointed a Company Secretary then his signature is mandatory on the share certificate issued by the company. Analyse with reference to the provisions of the Companies Act, 2013. (December - 2018)
- (Hint: Issue of Share Certificate, authentication)**
22. You are a company secretary in a company. The Board of Directors want to know the details that should be entered in the Register of Renewed and Duplicate share certificates and the period for which such register should be maintained. Clarify the Board in this regard. (4 marks)- 2019 Dec [5A]{iv}
23. Reduction of share capital and Diminution of share capital mean the same. Comment. (5 marks) [December 2020]

**(Hint: Difference between reduction and cancellation of share capital)**

24. Arup entered into a transaction with Brilliant Merchandise Ltd. for a contract worth Rs 51 lakh. The Articles of Association of the company stipulate that a contract above Rs 25 lakh should be approved by a meeting of the Board of directors. Anjaan, Deputy General Manager (Commercial) produces a forged document which shows a resolution approving the contract having been passed in a Board Meeting. Later, the forgery is discovered. Arup pleads that his contract with the company is protected by the Doctrine of Indoor Management. Will Arup succeed? (3 marks) [December 2020]

**(Hint: AOA is a public document, doctrine of constructive notice)**

25. KBC Ltd. filed Form PAS-3 with the Registrar of Companies (ROC), Mumbai as required under the Companies Act, 2013 with late fees as it was not filed within the due date. The ROC on examining the e-form, found it necessary to call for further information. He gave a notice to the company directing it to furnish the required information within the prescribed time. The company furnished only a part of the required information. Discuss the consequences of the action in such circumstances under the provisions of the Companies Act, 2013. (3 marks) [December 2020]

**(Hint: Could be treated as irregular allotment)**

26. P Realtors Ltd, A Construction Ltd. and five other individuals have incorporated XYZ Builders Ltd. to construct a commercial complex. P Realtors Ltd and A Construction Ltd. have executed an agreement according to which none of these companies can sell their shares in the new company before completion of construction of the commercial complex. Due to financial crunch, P Realtors decides to sell its shares in XYZ Builders Ltd. to PQR Builders Ltd. Can A Construction Ltd. restrain the transfer of shares before completion of construction of the commercial complex? (3 marks) [December 2020]

**(Hint: Between SHA and AOA, what prevails OR Bajaj Auto Case)**

27. An application has been made by a shareholder of a company to the National Company Law Tribunal (NCLT) that the company which has been just incorporated has supplied incorrect information in the documents filed for incorporation. Examine what action can be taken by the NCLT if the contention of the shareholder is proved to be true? (3 marks) [December 2020]

**(Hint: Remedies in case of misstatement in a prospectus)**



28. Amount lying in the securities premium account belongs to the shareholders and can be used freely for their benefit. Comment. (5 marks) [June 2021]

**(Hint: Utilities of SPA)**

29. Santosh, CEO of the company, has advised the Board of directors of an unlisted company that in order to market the public issue and generate interest and awareness amongst the public a prospectus can be issued without giving details of number of shares and the issue price. Examine the correctness of the advice in light of the provisions of the Companies Act, 2013. (3 marks) [June 2021]

**(Hint: Red Herring Prospectus)**

30. Monika Ltd. wants to purchase its own 5,00,000 equity shares @ Rs 10/- each out of the following:

	Rs lakh
(a) Unsecured Loans	25
(b) Balance of Free Reserves	15
(c) Securities Premium Account	10

Examine the legality of the above transactions for the buy-back of securities of the company under the provisions of the Companies Act, 2013.

(3 marks) [June 2021]

**(Hint: Loan – No, FR & SPA – Yes)**