



## CA Inter - Corporate and Other Law

### Test - Prospectus & Allotment of Securities

Total marks - 25

Time - 60 mins

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**Question 1:**

Explain various instances which make the allotment of securities as irregular allotment under the Companies Act, 2013.

[4 marks]

**Question 2:**

Prakhar Ltd. intends to raise share capital by issuing Equity Shares in different stages over a certain period of time. However, the company does not wish to issue prospectus each and every time of issue of shares.

Considering the provisions of the Companies Act, 2013, discuss what formalities Prakhar Ltd. should follow to avoid repeated issuance of prospectus?

[4 marks]

**Question 3:**

CDS Ltd. is planning to make a private placement of securities. The Managing Director arranged to obtain a brief note from some source explaining the salient features of the issue of private placement that the Board of Directors shall keep in mind while approving the proposal on this subject. The brief note includes, inter alia, the information / suggestions on the following points:

- (i) A private placement shall be made only to a select group of identified persons not exceeding 200 in a financial year.

The aforesaid ceiling of identified persons shall not apply to the offer made to the qualified institutional buyers but is applicable to the employees of the Company who will be covered under the Company's Employees Stock Option Scheme.

- (ii) The offer on private placement basis shall be made only once in a financial year for any number of identified persons not exceeding 200.

The Company solicits your remarks on the points referred above as to whether they are valid or not? Reasoned remarks should be given in accordance with the provisions of the Companies Act, 2013.

[5 marks]

**Question 4:**

The Board of Directors of Plum Limited proposes to issue a prospectus inviting offers from the public for subscribing to the equity shares of the company. State the reports which shall be included in the prospectus for the purposes of providing financial information under the provisions of the Companies Act, 2013.

[4 marks]

**Question 5:**

Modern Jewelry Ltd decides to pay 5% issue price of shares as underwriting commission to the underwriter, but the articles of the company authorize only 4% underwriting commission on shares. Examine the validity of the above decision under the provision of the Companies Act, 2013.

[4 marks]



**Question 6:**

How does the Companies Act, 2013 regulate and restrict the following matters in respect of a company going for public issue of shares:

- (i) Minimum Amount stated in the Prospectus; and
- (ii) Application Money payable on shares.

[4 marks]