

CA Inter - Corporate and Other Law
Chapter - Share Capital and debentures

Total marks - 30

Time - 90 mins

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Question 1:

The Directors of Mars Motors India Ltd. desire to alter Capital Clause of the Memorandum of Association of their company. Advise them about the ways in which the said clause may be altered under the provisions of the Companies Act, 2013. (5 marks)

Question 2:

Trisha Data Security Limited was incorporated just a year ago with a paid-up share capital of Rs 200 crore. Within such a small period of about year in operation, it has earned sizeable profits and has topped the charts for its high employee-friendly environment. The company wants to issue sweat equity to its employees. A close friend of the CEO of the company has told him that the company cannot issue sweat equity shares as minimum 2 years have not elapsed since the time company commenced its business. The CEO of the company has approached you to advise about the essential conditions to be fulfilled before the issue of sweat equity shares especially since their company is just about a year old. (4 marks)

Question 3:

The Authorized share capital of SSP Limited is Rs. 5 crore divided into 50 Lakhs equity shares of Rs. 10 each. The Company issued 30 Lakhs equity shares for subscription which was fully subscribed. The Company called so far Rs. 8 per share and it was paid up. Later on the Company proposed to reduce the Nominal Value of equity share from Rs. 10 each to Rs. 8 each and to carry out the following proposals:

- (i) Reduction in Authorized Capital from Rs. 5 crore divided into 50 Lakhs equity shares of Rs. 10 each to Rs. 4 crore divided into 50 Lakhs equity shares of Rs. 8 each
- (ii) Conversion of 30 Lakhs partly paid up equity shares of Rs. 8 each to fully paid up equity shares of Rs. 8 each there by relieving the shareholders from making further payment of Rs. 2 per share.
- (iii) State the procedures to be followed by the Company to carry out the above proposals under the provisions of the Companies Act, 2013 (5 marks)

Question 4:

London Limited, at a general meeting of members of the company, passed an ordinary resolution to buyback 30 percent of its equity share capital. The articles of the company empower the company for buyback of shares. Explaining the provisions of the Companies Act, 2013, examine: A. Whether company's proposal is in order? B. Would your answer be still the same in case the company instead of 30 percent, decides to buy-back only 20 per cent of its equity share capital? (4 marks)

Question 5:

State the legal provisions in respect of 'Declaration of Solvency', which an unlisted public company needs to adhere to while taking steps to buy-back its own shares. (3 marks)

Question 6:

What are the provisions of the Companies Act, 2013 relating to the appointment of 'Debenture Trustee' by a company? Whether the following can be appointed as 'Debenture Trustee':

- (i) A shareholder who has no beneficial interest.
- (ii) A creditor whom the company owes Rs. 499 only.
- (iii) A person who has given a guarantee for repayment of amount of debentures issued by the company? (5 marks)

Question 7:

Shilpi Developers India Limited owed to Sunil Rs 10,000. On becoming this debt payable, the company offered Sunil 100 shares of Rs 100 each in full settlement of the debt. The said shares were allotted to Sunil as fully paid-up in lieu of his debt. Examine the validity of this allotment in the light of the provisions of the Companies Act, 2013. (4 marks)