



## BRAINWARE UNIVERSITY

Term End Examination 2022

Programme – LL.B.-2020

Course Name – Law on Corporate Finance

Course Code - LLB503A

( Semester V )

Full Marks : 60

Time : 2:30 Hours

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

### Group-A

(Multiple Choice Type Question)

1 x 15=15

1. Choose the correct alternative from the following :

- (i) Select from the understated alternatives, exact period of refunding application money when minimum subscription is not received
- |       |       |
|-------|-------|
| a) 20 | b) 25 |
| c) 30 | d) 10 |
- (ii) Identify the document that contains Information of memorandum and contents of shelf prospectus.
- |               |                      |
|---------------|----------------------|
| a) Memorandum | b) Article           |
| c) Prospectus | d) None of the above |
- (iii) Determine liability of members if company is limited by guarantee
- |                           |                      |
|---------------------------|----------------------|
| a) Unpaid value of shares | b) Guarantee amount  |
| c) Unlimited liability    | d) None of the above |
- (iv) According to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the issuer company needs to call all the outstanding subscription money within-
- |  |                          |
|--|--------------------------|
| a) One year of issue of share                      | b) One year of allotment |
| c) Within one year of receipt of application money | d) None of these         |
- (v) State conditions required in issuing bonus share
- |  |                                    |
|--|------------------------------------|
| a) Authorized in the article                         | b) Partly paid up share can exist. |
| c) Regular interest payment in time is not essential | d) All of these                    |
- (vi) Nominal value of share in a company refer to ----- . Apply your knowledge to fill up the blank.
- |  |  |
|--|--|
| a) Price at which share is issued.                             | b) Market value of share.                  |
| c) Fixed amount of currency in which the share is denominated. | d) Highest price at which share is issued. |
- (vii) Evaluate statements given below and judge the false one-
- |   |   |
|---|---|
| a) Declared dividend is considered as current liability in balance sheet. | b) Dividends are usually paid as a percentage of paidup capital |
|---|---|

- c) Company can raise fund beyond its authorised capital
- d) Only preference shares redeemable within 20 years. can be issued
- (viii) Evaluate the statements below and choose the wrong one-
- a) A company registered only in India can issue equity and preference share
- b) Preference share enjoys preferential right in dividend payment over equity shareholders
- c) A public limited company can commence business as soon as it is incorporated
- d) All companies having share capital requires certificate of commencement of business.
- (ix) Select possessory security from the given options
- a) Pledge
- b) Mortgage
- c) Equitable charge
- d) None of these
- (x) Write the effect of the failure to register a charge with the registrar of companies
- a) a criminal offence is committed
- b) the directors will be in breach of duty.
- c) the debt secured by the charge will no longer be payable.
- d) the charge will be void against a liquidator, administrator or creditor of the company,.
- (xi) Identify the wrong one, in connection with remuneration of independent director
- a) Sitting fees
- b) reimbursement for participation in meeting
- c) profit linked commission as approved by board
- d) ESOP
- (xii) \_\_\_\_\_ are required to file prior to making second and subsequent issue of securities in case shelf prospectus are filed. Select the correct option.
- a) Information memorandum
- b) Information articles
- c) Form 13
- d) None of the above
- (xiii) Apply the concept and establish objectives of SEBI –
- a) Create a proper and conducive environment for raising money from capital market
- b) Protect Investors and educate them
- c) Both (a) and (b)
- d) None of these
- (xiv) Identify Depositories
- a) SEBI
- b) Commercial Bank
- c) NSDL and CDSL
- d) All of these
- (xv) \_\_\_\_\_ are the prospectus issued instead of full prospectus. Write the correct one from given options.
- a) Abridged
- b) Statement in lieu of prospectus
- c) Shelf
- d) Red herrings

### Group-B

(Short Answer Type Questions)

3 x 5=15

2. Identify provisions applicable to only listed companies. (3)
3. Vikas Infrastructure Ltd. has issued 50,000, 10% debentures of Rs.100 each at par redeemable after the end of 7th year. Calculate the amount by which the company should create Debenture Redemption Reserve as per Companies (Share Capital and Debentures) Rules 2014 before starting redemption of debenture. Answer with giving reason. (3)
4. Explain the concept of self prospectus (3)
5. Explain in brief, SEBI's activities to ensure safe transactions by investors. (3)
6. write in brief issue of debenture as a collateral security. (3)
- OR**
- Evaluate different grievances of investors against company and write two most common grievances. (3)

### Group-C

(Long Answer Type Questions)

5 x 6=30

7. Explain the concept of Corporate debt restructuring and its applicability in protecting creditors interest. (5)
8. Describe two broad objectives of SEBI in detail (5)
9. Explain in brief different measures taken by SEBI for protecting investors. (5)
10. Describe deep discount bond and estimate annual return of a 3 years deep discount bond of Rs.1000 issued at Rs.750. (5)
11. Preference shares can be of different types. Explain main variants of such shares. (5)
12. Describe in brief activities of investors and choose grievances usually found against brokers. (5)

**OR**

XYZ company has inadequate profit. It proposes to declare dividend out of general reserve, (5)  
Information are- a. 17500 9% preference share of Rs.100 each. b. 700000 equity share of Rs.10 each. c. General reserve 2100000 d. Capital reserve Rs.350000. e. Securities premium Rs.350000 f. Surplus in profit and loss account Rs.63000 g. Net profit of the year Rs.357000 h. Average rate of dividend during last three years is 15%. i. Board wants to declare 10% dividend. Justify the proposal of declaring 10% dividend by board.