

Paper 13 – Corporate Laws and Compliance

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Full Marks : 100

Time allowed: 3 hours

Answer Question No. 1 which is compulsory carries 20 marks and
answer any 5 Question from Q. No 2 to Q. No. 8

1. Answer any 4 from the below [4x5=20]
- (a) Mr. Singh is a director of Fulcrum Ltd. He has approached Housing Finance Co. Ltd. for the purpose of obtaining a loan of ₹ 50 lacs to be used for construction of building his residential house. The loan was sanctioned subject to the condition that Fulcrum Ltd. should provide the guarantee for repayment of loan installments by Mr. Singh. Advise Mr. Singh.
- (b) A Director claims that he may leave the company any time merely by submitting his resignation without waiting for its acceptance. Discuss whether it is acceptable and valid?
- (c) DDJ Limited was incorporated on 5th May, 2014 under the Companies Act, 2013. Mr. Dutt was appointed as the first Resident Director of the Company in the Board Meeting held on 30th September, 2014. Examine the validity of the following appointment with reference to the provisions of the Companies Act, 2013.
- (d) Viewtron Ltd. was incorporated on 1st January, 2012. On 1st July, 2014 a political party approaches the company for a contribution of ₹ 12 lakh for political purpose. Is the company legally authorised to give this political contribution under The Companies Act, 2013?
- (e) Mr. Amrit is a director in State Bank of India. On the ground of his misconduct to the interest of the depositors, the Reserve Bank of India terminates his service. Decide whether the Reserve Bank of India can do so under the Banking Regulation Act, 1949.
2. (a) Sigma Company Ltd. in its Annual General Meeting appointed all its Directors by passing one single resolution. No objection was made to the resolution. Examine the validity of appointment of Directors explaining the relevant provisions of the Companies Act, 2013. Will it make any difference, if Sigma Company was a private company? 6
- (b) State what is meant by "Employees" Stock Option"? 5
- (c) Pursuant to the provisions of the Companies Act, 2013 which companies are required to constitute a "Nomination and Remuneration Committee"? 5
3. (a) Mr. Samrat, a Cost Accountant and an Independent Director of Ludhiana Auto Ancillaries Ltd. will be abroad for three months from 10-11-2016. The Company wants to appoint Mr. Raghu as an alternate Director in place of Mr. Samrat. Draft a Board Resolution authorising the appointment. 6
- (b) The promoters of Display Company incorporated on 8th June, 2015 have entered into a contract with on 10th May, 2015 for supply of goods. After incorporation, the company does not want to proceed with the contract. As a company advisor, advise the management of the company, referring to the provisions of the Companies Act, 2013. 5

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- (c) The Articles of Association of Disney Toys Private Limited provide that the maximum number of Directors in the company shall be 10. Presently, the company is having 8 directors. The Board of Directors of the said company desire to increase the number of directors to 16. Advise whether under the provisions of the Companies Act, 2013 the Board of Directors can do so. 5
4. (a) A company wants to include the following clause in its Articles of Association:
'Each director shall be entitled to be paid out of the funds of the company for attending meetings of the Board or a Committee thereof including adjourned meeting such sum as sitting fees as shall be determined from time to time by the Directors but not exceeding a sum of ₹ 30,000 for each such meeting to be attended by the Director. You are required to advise the company as to the validity of such a clause and the correct legal position under the provisions of the Companies Act, 2013. 5
- (b) Suzlon Ltd. declared and paid dividend in time to all its equity holders for the financial year 2014-15. Mrs. Raheza, holding 250 shares had mandated the company to directly deposit the dividend amount in her bank account. The company accordingly remitted the dividend but the bank returned the payment on the ground that there was difference in surname of the payee in the bank records. The company, however, did not inform Mrs. Raheza about this discrepancy. Discuss as per the respective provisions of the Company Law, 2013. 5
- (c) Audit Committee is to be formed by each and every company and the auditor has right to vote in the meeting of such Audit Committee, Comment. 6
5. (a) What do you mean by "Spot Delivery Contract"? 5
- (b) What do you mean by "Power System" according to The Indian Electricity Act, 1910? 5
- (c) An arrangement has been made among the cotton producers that the cotton produced by them will not be sold to mills below a certain price. The arrangement is in writing but it is not intended to be enforced by legal proceeding. Examine whether the said arrangement can be considered as an agreement within the meaning of Section 2(b) of the Competition Act, 2002. 6
6. (a) What are Non performing Asset under the SARFAESI ACT , 2002? 5
- (b) In what way does the Reserve Bank of India regulate the determination of the loans and advances which can be made by a banking company under the Banking Regulation Act, 1949? 6
- (c) Mr. Hamid is an exporter of goods and services. Explain his duties under Foreign Exchange Management Act, 1999 regarding realization and repatriation of Foreign Exchange on such exports. 5
7. (a) State the main features of the qualified and Independent Audit Committee set up under clause 49 of the listing agreement. 8
- (b) Explain the power of Securities and Exchange Board to regulate, issue and transfer of securities under Companies Act, 2013. 8
8. (a) What are the advantages of a formal governance structure? 8
- (b) Analyse "Corporate Social Responsibility" as a Corporate Brand. 8