

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) An audit firm, comprising of two partners, holds office as auditor of 40 private companies out of which paid-up capital of 20 companies exceeds ₹ 50 lakhs. Such audit firm wants to be appointed as an auditor in XYZ Pvt. Ltd. Decide whether this is in consonance with the applicable law.
- (b) Mr. Negi 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 instalments by Mr. Negi. Advise Mr. Negi.
- (c) Shreya, a famous playback singer of India wants to perform a musical night in Paris for Indians residing there. Foreign exchange to the extent of USD 20,000 is required for this purpose. State the kind of approval required for the said transactions under the Foreign Exchange Management Act, 1999.
- (d) 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?
- (e) Mr. Anuj 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) Explain Asset Reconstruction, Financial Assets under the Securitization and Reconstruction of Financial Assets and Enforcement of Security and Interest Act, 2002.

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(b) Flexible Co. with a paid -up capital of ₹ 50 lakhs entered into a contract with Rigid Co. in which a director of Flexible Co. is holding equity shares of the nominal value of ₹ 50,000. The director did not disclose his interest at the Board meeting under section 184 of the Companies Act, 2013. Is the director liable for his act?

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(c) What is the procedure to be followed, when a board meeting is adjourned for want of quorum?

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(3) (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.

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MTP_Final_Syllabus 2012_June 2017_Paper 13_Set 2

- (b) What are the duties of the inspector as enumerated in Section 223 of the companies Act, 2013, in relation to his report. 6
- (c) Magma 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 Magma Company was a private company? 5
- (4) (a) The promoters of Welcome Company incorporated on 8th June, 2015 have entered into a contract with A 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
- (b) Mr. Abir, a Cost Accountant and an Independent Director of Gurgaon Auto Ancillaries Ltd. will be abroad for three months from 10-11-2014. The Company wants to appoint Mr. Rahul as an alternate Director in place of Mr. Abir. Draft a Board Resolution authorising the appointment. 5
- (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. 6
- (5) (a) Suzlon Ltd. declared and paid dividend in time to all its equity holders for the financial year 2014-15, except in the following two cases:
- (i) Mrs. Reeta, 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. Reeta about this discrepancy.
- (ii) Dividend amount of ₹ 50,000 was not paid to Mr. Shyam, deceased, in view of court order restraining the payment due to family dispute about succession. You are required to analyse these cases with reference to provisions of the Companies Act, 2013 regarding failure to distribute dividends. 8
- (b) State the main features of the qualified and Independent Audit Committee set up under clause 49 of the listing agreement. 8
- (6) (a) 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. 5
- (b) What do you mean by "Spot Delivery Contract"? 5
- (c) What do you mean by "Power System" according to The Indian Electricity Act, 1910? 6

MTP_Final_Syllabus 2012_June 2017_Paper 13_Set 2

- (7) (a) 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
- (b) Mr. Abul 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
- (c) What are Non performing Asset under the Sarfaesi Act, 2002? 5
- (8) (a) What are the implementation guidance of the Corporate Social Responsibility (CSR) policy as per the CSR voluntary Guidelines 2009? 8
- (b) What are the advantages of a formal governance structure? 8