

# FINAL EXAMINATION

June 2017

**P-13(CLC)**  
**Syllabus 2012**

## Corporate Laws & Compliance

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.*

*Write answers to all parts of a question together,  
open a new page for answer to a new question.*

*Where necessary, suitable assumptions may be made and disclosed by way of a Note.*

*Answer Question No. 1 (carrying 20 marks) which is compulsory and also answer  
any five (carrying 16 marks each) from Question No. 2 to Question No. 8.*

1. Answer any four from the following:

- (a) Some changes in the particulars of a Director, who has already obtained a Director Identification Number have taken place. Now the Director wants to incorporate the changes in his DIN in the database maintained by the Central Government in this regard. Describe the procedures to be followed by the Director. 5
- (b) Fill in the blanks: 1×5=5
- (i) Where a member wishes to transfer only a part of his shareholding or wishes to sell them to two or more persons, he is required to submit the share certificate with the company. This certificate is known as \_\_\_\_\_.
- (ii) \_\_\_\_\_ means a person liable to contribute towards the assets of the company in the event of its wound up.
- (iii) An arrangement provided by the issuer under which a person offers to purchase specified securities from the original resident retail individual allottees at the issue price is known as \_\_\_\_\_.
- (iv) Gold includes gold in the form of \_\_\_\_\_ whether legal tender or not, or in the form of bullion or ingot, whether refined or not.
- (v) The development of corporate governance in the UK was initially the findings of trilogy of codes: The Cadbury Report, the Greenbury Report and the \_\_\_\_\_ Report.
- (c) State whether the following statements are True or False: 1×5=5
- (i) When only a part of the shares is transferred, the company issues a ticket for the balance of shares not transferred. Such a ticket is known as balance ticket.
- (ii) Green shoe option means an option of allotting equity shares in excess of the equity shares offered in the public issue as a post listing price stabilizing mechanism.
- (iii) Attachment means prohibition of transfer, conversion, disposition or movement of property by an order issued under PMLA 2002.

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- (iv) An insurer shall invest more than 10% of his assets in the shares of any one banking company or investment company.
- (v) Manufacture's data can be obtained from a variety of sources such as BMCIS, clients and building and in some cases the design team itselfes.

(d) Match the following:

1×5=5

|      |                          |     |                                       |
|------|--------------------------|-----|---------------------------------------|
| i.   | Open Access              | (A) | Securities Contracts (Regulation Act) |
| ii.  | Lodging Certificate      | (B) | SARFAESI Act                          |
| iii. | Spot delivery Contract   | (C) | Corporate Governance                  |
| iv.  | Central Registry         | (D) | Company Law                           |
| v.   | Smaller quoted Companies | (E) | Electricity Act                       |

(e) State the Common Corporate Social Responsibility (CSR) policies for business organisation. 5

2. (a) Soma Real Estate Limited, a listed company has made the following profits, the profits reflect eligible profits under the relevant section of the Companies Act, 2013.

| Financial year | Amount (₹ in crores) |
|----------------|----------------------|
| 2011-12        | 20                   |
| 2012-13        | 40                   |
| 2013-14        | 30                   |
| 2014-15        | 70                   |
| 2015-16        | 50                   |

- (i) Calculate the amount that the company has to spend towards CSR.
- (ii) Give the composition of the CSR committee of a listed and unlisted company.
- (iii) Will the company suffer penalties if they fail to provide for or incur expenditure for CSR? 8
- (b) WL Limited is facing loss in business during the current Financial Year 2015-16. In the immediate preceding three financial years, the company had declared dividend at the rate of 8%, 10% and 12% respectively. To maintain the goodwill of the company, the Board of Directors has decided to declare 12% interim dividend for the current financial year. Examine the applicable provisions of the Companies Act, 2013 and state whether the Board of Directors can do so? 4



- (c) Mr. X is an unsecured creditor and has to recover a sum of ₹ 7 lakhs from Global Footwear Company Limited. The said company has become financially insolvent and hence unable to pay its debts. With the object of recovery of the said amount Mr. X is willing to proceed for compulsory winding up of the company. Advise the steps and procedures in this relation under the provisions of the Companies Act, 1956. 4
3. (a) A producer company was incorporated on 1st September, 2009. At present the paid-up Share Capital of the company is ₹ 10 lakhs consisting of 1,00,000 Equity Shares of ₹10 each fully paid-up held by 200 individuals and 20 producers institutions. You are required to answer the following with reference to the provisions of the Companies Act, 1956:
- (i) What is the time limit for holding the First Annual General Meeting and the subsequent Annual General Meetings?
  - (ii) What is the Quorum for the Annual General Meeting?
  - (iii) State the manner in which the voting rights of the members are determined.
  - (iv) Is it possible to remove a member? 8
- (b) Mr. DRT is a director of PCS Ltd. The said company is having sufficient liquid funds and Mr. DRT is in dire need of funds. In order to mitigate the hardship of Mr. DRT the board of directors of PCS Ltd. wants to lend ₹ 5 lakhs to him and ₹ 2 lakhs to his wife. State whether such loans can be given and if so under what conditions. What would be your answer if the company PCS Ltd. would have been PCS Private Ltd.? 4
- (c) A scheme provides for Amalgamation of PQL International Limited, a foreign company, with DHP Limited, an Indian company registered under the Companies Act, 1956. Referring to the provisions of the above Act, decide whether the scheme providing amalgamation of a foreign company as a transferor company can be sanctioned by the Court (NCLT). 4
4. (a) As per the provisions of the Banking Regulation Act, 1949, a Banking Company in addition to the business of Banking, may carry on some general utility services as listed in Section 6. List out any five of the general utility services, that a bank may carry on. 5
- (b) The Board of directors of Very Well Ltd., are contributing every year to a charitable organization a sum of ₹ 60,000. In a particular year, the company suffered losses and the directors are contemplating to contribute the said amount in spite of the losses. In this connection, state whether the directors can do so? 5
- (c) Under Section 31 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, certain situations have been specified in which the provisions of this Act are not applicable. You are required to mention any six of such situations. 6

5. (a) Discuss the procedure under which the Appropriate government may grant the license under the Indian Electricity Act, 2003? 8
- (b) Mr. KAK is a member of ABC Ltd. He obtains an order against the company for redressal of his grievances against the company. But the company fails to redress the grievances of Mr. KAK within the time fixed by the SEBI. The Board thereafter imposed penalty upon the company under section 15C of the SEBI Act. ABC Ltd. seeks your advice whether it has any remedy against the order of SEBI. Advise. 8
6. (a) Mr. Kamal, a Chartered Accountant, was appointed by the Board of Directors of Reliable Limited as the First Auditor. The company in General Meeting removed Mr. Kamal without seeking the approval of the Central Government and appointed Mr. Naresh as Auditor in his place. Examine the validity of the appointment with reference to the provisions of Companies Act, 2013. 5
- (b) A Ltd. and B Ltd. both dealing in chemicals and fertilizers have entered into an agreement to jointly promote the sale of their products. A complaint has been received by the Competition Commission of India (CCI) stating that the agreement between the two is anti-competitive and against the interests of others in the trade. Examine with reference to the provisions of the Competition Act, 2002, what are factors of CCI will take into account to determine whether the agreement in question will have any appreciable adverse effect on competition in the market. 5
- (c) Lucknow Stock Exchange wants to get itself recognize. Explain:
- (i) Who enjoys the power to recognize stock exchange?
- (ii) What information will have to be provided with the application for recognition? 6
7. (a) 'Family ownership of firms is the prevalent form of ownership in many countries around the globe.' In view of the above statement, explain the concept and need of ownership structures. 8
- (b) What is meant by whole life risk analysis? 4
- (c) Explain whole life risk management plan? 4
8. (a) Corporate Social Responsibility (CSR) is also called Corporate Citizenship or Corporate Responsibility? — Discuss 8
- (b) 'The typical organizational structure of PSUs makes it difficult for the implementation of Corporate Governance practices as applicable to other publicly- listed private enterprise.' In the above context, list the difficulties encountered in Governance. 8
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