

Paper-13: CORPORATE LAWS AND COMPLIANCE

MTP_Final_Syllabus 2012_Dec2015_Set 2

	Learning objectives	Verbs used	Definition
LEVEL C	KNOWLEDGE What you are expected to know	List	Make a list of
		State	Express, fully or clearly, the details/facts
		Define	Give the exact meaning of
	COMPREHENSION What you are expected to understand	Describe	Communicate the key features of
		Distinguish	Highlight the differences between
		Explain	Make clear or intelligible/ state the meaning or purpose of
		Identify	Recognize, establish or select after consideration
		Illustrate	Use an example to describe or explain something
	APPLICATION How you are expected to apply your knowledge	Apply	Put to practical use
		Calculate	Ascertain or reckon mathematically
		Demonstrate	Prove with certainty or exhibit by practical means
		Prepare	Make or get ready for use
		Reconcile	Make or prove consistent/ compatible
		Solve	Find an answer to
		Tabulate	Arrange in a table
	ANALYSIS How you are expected to analyse the detail of what you have learned	Analyse	Examine in detail the structure of
		Categorise	Place into a defined class or division
		Compare and contrast	Show the similarities and/or differences between
		Construct	Build up or compile
		Prioritise	Place in order of priority or sequence for action
		Produce	Create or bring into existence
	SYNTHESIS How you are expected to utilize the information gathered to reach an optimum conclusion by a process of reasoning	Discuss	Examine in detail by argument
		Interpret	Translate into intelligible or familiar terms
Decide		To solve or conclude	
EVALUATION How you are expected to use your learning to evaluate, make decisions or recommendations	Advise	Counsel, inform or notify	
	Evaluate	Appraise or assess the value of	
	Recommend	Propose a course of action	

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Full Marks: 100

Time Allowed: 3 Hours

This paper contains 3 questions. All questions are compulsory, subject to instructions provided against each question. All workings must form part of your answer. Assumptions, if any, must be clearly indicated.

Question 1: Answer all questions

[20 Marks]

- (a) Profit Ltd. was incorporated on 1st January, 2013. On 1st November, 2015 a political party approaches the company for a contribution of ₹ twelve lakhs for political purpose. Can the company be penalized for defiance of provisions in this regard? 3
- (b) Mr. Rahul resided in India during the financial year 2010-2011 for less than 183 days. He came to India on 1st April, 2011 for employment. What would be his residential status during the financial year 2011-2012 under FEMA, 1999? 3
- (c) Would the proceedings of the Insurance Regulatory and Development Authority become invalid due to any vacancy in, or any defect in its constitution, as per IRDA Act, 1999? 3
- (d) Mr. Vikas, who could not be appointed as director in the general meeting, was appointed as Additional Director of Nanda Garments Limited, by its Board of Directors authorized by its articles. Comment. 3
- (e) A producer company was incorporated on 1st September, 2014. 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. What is the Quorum for the Annual General Meeting as per the provisions of the Companies Act, 1956 3
- (f) What are the reasons of corporate mis-governance? 2
- (g) State the four main issues that were dealt by the Greenbury Committee on Corporate Governance. 3

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Question 2: Answer any four questions

[60 Marks]

Question 2(a)

- (i) Examine whether the following branches can be considered as a 'person resident in India' under the Foreign Exchange Management Act:
- (a) Arvind Power Mills Limited, a company incorporated in India established a branch at London on 1st January, 2013.
- (b) M/s German Power, a foreign company, established a branch at New Delhi on 1st January, 2013. The branch at New Delhi controls a branch at Colombo.
- (ii) Can a non-profit organization be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt?
- (iii) Golden Rule Ltd. has the proposal of appointment of a Managing Director who is more than 70 years of age, under the consideration of its Board of directors. Comment.

[6+6+3 =15]

Question 2(b)

- (i) Difficult Ltd wants to make payment of remuneration of ₹ 40,000 per month to its whole time director. The company is running in loss and is having an effective capital of ₹ 95.00 lacs. Comment.
- (ii) Examine with reference to the relevant provisions of the Competition Act, 2002 whether a person purchasing goods not for personal use, but for resale can be considered as a 'consumer'.
- (iii) The Board of directors of Sunrise Ltd. filled up a casual vacancy caused by the death of Mr. Andrew by appointing Mr. Enrique as a director on 3rd April, 2014. Unfortunately Mr. Enrique expired on 15th May, 2014 after working about 40 days as a director. The Board now wishes to fill up the casual vacancy by appointing Mrs. Enrique in the forthcoming meeting of the Board. Advise the Board in this regard as per the provisions under the Companies Act, 2013.

[4+5+6 = 15]

Question 2(c)

- (i) The Article of Association of a listed company has fixed payment of sitting fee for each Meeting of Directors subject to maximum of ₹ 25,000. In view of increased responsibilities of independent directors of listed companies, the company proposes to increase the sitting fee to ₹ 55,000 per meeting. Advise the company about the requirement under Companies Act,

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2013 to give effect to the proposal.

(ii) Explain the powers and duties of the Administrator, as per Section 52B of Insurance Act, 1938.

(iii) There are 9 directors in a company and out of which 2 offices of the directors have fallen vacant. What will be the quorum for the Board Meeting?

[5+5+5 = 15]

Question 2(d)

(i) Explain the provisions contained in section 56 with respect to power of the Central Government to enter into agreements with foreign countries, with reference to Prevention of Money Laundering Act, 2002.

(ii) Mr. Varun, A Chartered Accountant, holding certificate of practice from the Institute of Chartered Accountants of India has been appointed as auditor of Indian Plastics Limited, which is a public limited company. Mr. Siddharth, a relative of Mr. Varun, hold security in the company, the face value of which is ₹ 5,000. Explaining the provisions of the Companies Act, 2013 answer the following:

(a) Examine the validity of Mr. Varun's appointment as auditor in the above company.

(b) What would be your answer in case Mr. Varun is already the auditor of 10 companies?

(c) What shall be your answer in case Mr. Varun has some business relationship with a subsidiary company of Indian Plastics Limited and is rendering consulting services to the subsidiary company?

(iii) Mr. Influential is already a director of 19 companies out of which 10 are public limited companies and 9 are private companies. He is being appointed as a director of another company named Rural Artifacts Ltd. Advise Mr. Influential on what are the companies to be excluded for the purpose of calculating the ceiling on the appointment of directors in a public company?

[4+(3 × 3)+2 = 15]

Question 2(e)

(i) The Articles of a Public Company clearly stated that Mr. Ayush will be the solicitor of the company. The company in its general meeting of the shareholders resolved unanimously to appoint Babloo in place of Ayush as the solicitor of the company by altering the articles of association. Examine, whether the company can do so? State the reasons clearly.

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(ii) The Board of Directors of Ashoka Herbals Limited recommended dividend on 20th February, 2014 and the same was approved and declared by the company in its Annual General Meeting held on 31st May, 2014 and was paid to the shareholders on 15th June, 2014. But dividend was not paid to Mr. Anand, a shareholder. The company adjusted the amount of dividend against a sum due to it from Mr. Anand. Decide, under the provisions of the Companies Act, 2013 the liability of the company in this regard?

(iii) What are the circumstances in which an inspector appointed under section 210 of the Companies Act, 2013, can investigate into affairs of related companies?

[5+6+4 = 15]

Question 3: Answer any two questions

[20 Marks]

Question 3(a)

(i) What are the do's and don'ts of good corporate governance practices in banking Industry?

(ii) Describe the historical perspective of Corporate Governance.

(iii) State any four reports on Governance by Corporate Governance Committees.

[5+3+2=10]

Question 3(b)

(i) Discuss the report of Narayan Murthy Committee, 2003 on Corporate Governance.

(ii) Describe the core elements to be covered under CSR Policy.

[4+6=10]

Question 3(c)

(i) How does the role of directors influence corporate governance practice of an organization? Discuss.

(ii) State the powers of Audit Committee as per Clause 49 of the Listing Agreement in India.

[8+2=10]