

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**

Question 1: Answer any 4 from the below

[4×5 = 20]

- (a) Referring to the provisions of the Companies Act, 2013 examine the validity of the following:

The Board of Directors of ABC Limited proposes to declare dividend at the rate of 20% to the equity shareholders, despite the fact that the company has defaulted in repayment of public deposits accepted before the commencement of this Act.

- (b) What are the qualifications of an Internal Auditor?
- (c) LKG Limited was incorporated on 5th May, 2014 under the Companies Act, 2013. Mr. Ramanujam 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) ABC Limited, a foreign company failed to deliver some desired documents to the Registrar of Companies as required under Section 380 of the Companies Act, 2013. State the provisions of penalty prescribed under the said Act, which can be levied on ABC Limited for its failure.
- (e) What are the difficulties encountered in Governance in the State Owned Business?

Question 2:

- (a) The Board of Directors of Stepping Stones Publications Ltd. at a meeting held on 15-1-2014 resolved to borrow a sum of ` 15 crores from a nationalized bank. Subsequently the said amount was received by the company. One of the Directors, who opposed the said borrowing as not in the interest of the company has raised an issue that the said borrowing is outside the powers of the Board of Directors. The Company seeks your advice and the following data is given for your information:
- (i) Share Capital ` 5 crores
 - (ii) Reserves and Surplus ` 5 crores
 - (iii) Secured Loans ` 15 crores

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(iv) Unsecured Loans ` 5 crores

Advise the management of the company. 5

(b) A Managing Director was removed during the tenure of office and certain compensation was paid to him. It was later on found that during the tenure of his office that he was guilty of corrupt practices and the company felt that no compensation should have paid to him and therefore wants to recover the compensation so paid to him. Can the company succeed? 6

(c) Mr. Raj, a director of POL Ltd., submitted his resignation from the post of director to the Board of Directors on 30th June, 2014 and obtained a receipt therefore on the same day. The Board of Directors of POL Ltd. neither accepted the resignation nor did it file the required form with the Registrar of Companies. You are required to state whether Mr. Raj ceases to be the Director of POL Ltd. and if yes, since when? 5

Question 3:

(a) A group of 8 individuals together with a producer institution approached the Registrar for incorporation of a producer company under Section 581 of the Companies Act, 1956. Can the Registrar go ahead with the registration and incorporation? Discuss. 6

(b) By an order of the Court M/s ABC Limited was wound up with effect from 15-3-2002. Mr. Gupta, who ceased to be a member of the Company from 1-6-2001 received a notice from the liquidator to deposit a sum of ` 15,000 as his contribution towards the liability on the shares previously held by him. Mr. Gupta seeks your opinion about his liability under the Companies Act, 1956. 5

(c) A meeting of members of ABC Limited was convened under the orders of the court to consider a scheme of compromise and arrangement. Notice of the meeting was sent in the prescribed manner to all the 700 members holding in the aggregate 20,00,000 shares. The meeting was attended by 400 members holding 13,00,000 shares. 160 members holding 10,00,000 shares voted in favour of the scheme. 150 members holding 2,40,000 shares voted against the scheme. The remaining members abstained from voting. Examine with reference to the relevant provisions of the Companies Act, 1956 whether the scheme is approved by the requisite majority. 5

Question 4:

(a) The Board of Directors of RPS Limited decides to pass a resolution by circulation for allotment of 1,000 equity shares to Mr. A. Draft a specimen Board Resolution to be passed by circulation for this purpose. 5

(b) BUI Limited had filed certain documents with the Registrar of Companies. The said documents were authenticated by the ROC and kept on record. In a suit against the company the ROC produced the said documents in the court of law. BUI Limited

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intends to raise objection on the said documents on the ground that the documents need to be authenticated with further proof or production of the original document as evidence. Advise BUI Limited. 5

- (c) ABC Limited, a foreign company failed to deliver some desired documents to the Registrar of Companies as required under Section 380 of the Companies act, 2013. State the provisions of penalty prescribed under the said Act, which can be levied on ABC Limited for its failure. 6

Question 5:

- (a) Mr. Chetan retired as a member of the Competition Commission of India (CCI) on 31st October, 2014. He was offered the post of Chief Executive Officer in LCD Limited, which was earlier a party in a proceeding before the CCI. Can Mr. Chetan join the company with effect from 1st November, 2015?
What will be the position if Mr. Chetan joins MONA Limited, a Government company with effect from 1st April, 2015, if MONA Limited was also a party in a proceeding before the CCI? 6

- (b) Mr. P has won a big lottery and wants to remit US Dollar 20,000 out of his winnings to his son who is in USA. Advise whether such remittance is possible under the Foreign Exchange Management Act, 1999. 5

- (c) Mr. Raman, an investor is not satisfied with the dealings of his stock broker who is registered with Delhi Stock Exchange. Mr. Raman approaches you to guide him regarding the avenues available to him for making a complaint against the stock broker under Securities and Exchange Board of India Act, 1992 and also the grounds on which such complaint can be made. You are required to briefly explain the answer to his queries. 5

Question 6:

- (a) How a trial under the Prevention of Money Laundering Act, 2002 is conducted in Special Courts? 8
- (b) X, a newly established Insurance Company started the business of health insurance. It decided to get itself registered with the paid up equity capital of ` 99 crore excluding the preliminary expenses incurred during formation and registration. Examine in the light of the Insurance Act, 1938, whether X can be registered and conduct the Insurance business. 8

Question 7:

- (a) Explain the introduction of Memorandum of Understanding (MOU) system in India. 8

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- (b) What are the implementation guidance of the Corporate Social Responsibility (CSR) policy as per the CSR voluntary Guidelines 2009? 8

Question 8:

- (a) "Corporate Social Responsibility is to be considered as an investment and not as a charity"—Elaborate the statement. 10
- (b) "Corporate Governance is about promoting fairness". Is it truly beneficial?- Discuss 6