

Paper-13: CORPORATE LAWS AND COMPLIANCE

PTP_Final_Syllabus 2012_Dec2015_Set 3

	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
	APPLICATION How you are expected to apply your knowledge	Illustrate	Use an example to describe or explain something
		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
	ANALYSIS How you are expected to analyse the detail of what you have learned	Solve	Find an answer to
		Tabulate	Arrange in a table
		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
	SYNTHESIS How you are expected to utilize the information gathered to reach an optimum conclusion by a process of reasoning	Construct	Build up or compile
		Prioritise	Place in order of priority or sequence for action
		Produce	Create or bring into existence
	EVALUATION How you are expected to use your learning to evaluate, make decisions or recommendations	Discuss	Examine in detail by argument
		Interpret	Translate into intelligible or familiar terms
Decide		To solve or conclude	
	Advise	Counsel, inform or notify	
	Evaluate	Appraise or asses 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) Poppy Limited, a banking company maintained the record of all transactions for a period of 3 years from the date of cessation of the transactions between the clients and the company. Decide whether the Company has fulfilled its obligation under the provisions of the Prevention of Money Laundering Act, 2002. 3
- (b) Mrs. Sukla, a resident outside India, is likely to inherit from her father some immovable property in India. Are there any restrictions under the provisions of the Foreign Exchange Management Act, 1999 in acquiring or holding such property? State whether Mrs. Sukla can sell the property and repatriate outside India the sale proceeds. 3
- (c) Indus Inc. is a company registered in USA and carrying on Trading Activity, with Principal Place of Business in Mumbai. Since the company did not obtain registration or make arrangement to file Return, the State VAT Officer having jurisdiction, intends to serve show cause notice on the Foreign Company. As Standing Counsel for the Department, advise the VAT Officer on valid service of Notice. 3
- (d) The Super Traders Association was constituted by two Joint Hindu Families consisting of 51 major and 5 minor members. The Association was carrying the business of trading as retailers with the object for acquisitions of gain. The Association was not registered as a company under the Companies Act or other law. State whether Super Traders Association is having any legal status? Will there be any change in the status of this Association if the members of the Super Traders Association is subsequently reduced to 45. 3
- (e) Desert Rose Limited submitted the documents for incorporation on 5th October, 2014. It was incorporated and certificate of incorporation of the company was issued by the Registrar on 20th October, 2014. The company on 14th October, 2014 entered into a contract which created its contractual liabilities. The company denies the said liability on the ground that company is not bound by the contract entered into prior to issuing of certificate of incorporation. Decide under the provisions of the Companies Act, 2013 whether the company can be exempted from the said contractual liability. 3
- (f) "In the long run those business who do not respond to society's needs favorably, will survive". Comment 3
- (g) How the meetings of the audit committee should be undertaken as per clause 49 of listing agreement. 2

Question 2: Answer any four questions

[60 Marks]

Question 2(a)

- (i) Examine the validity of the resolution passed at the Annual (General Meeting of a public company for payment of dividend at a rate higher than that recommended by the board of directors.
- (ii) Explain the manner in which the 'Accounting Standards' may be prescribed under the Companies Act, 2013.
- (iii) Abhishek Company Ltd. in its first general meeting appointed six directors whose period of office is liable to be determined by rotation. Briefly explain the procedure and rules regarding retirement of these directors.

[4+6+5 = 15]

Question 2(b)

- (i) A company is required to pay dividend to its shareholders within 30 days of its declaration. State the circumstances when a company will not be deemed to have committed any offence even if it does not pay within 30 days.
- (ii) What are the legal provisions to be complied with, in respect to remuneration of auditors.
- (iii) In Arjun Ltd. three Directors were to be appointed. The item was included in agenda for the Annual General Meeting scheduled on 30th September, 2014, under the category of 'Ordinary Business'. All the three persons as proposed by the Board of Directors were elected as Directors of the company by passing a 'single resolution' avoiding the repetition (multiplicity) of resolution. After the three directors joined the Board, certain members objected to their appointment and the resolution. Examine the provisions of Companies Act, 2013 and decide whether the contention of the members shall be tenable and whether both the appointment of Directors and the 'single resolution' passed at the Company's Annual General Meeting shall be void.

[6+5+4 = 15]

Question 2(c)

- (i) Is it possible for the Board of directors of the company to revoke the dividend declared at the Annual General Meeting?
- (ii) Is it possible for a retiring director to continue in his office beyond the date of the annual general meeting which had to be adjourned due to disturbances at the meeting? Explain.
- (iii) A Public Company secures residential accommodation for the use of its managing director by entering into a license arrangement under which the company has to deposit a certain amount with the landlord to secure compliance with the terms of the license agreement. Can it be considered as a loan to a director?

[5+7+3 = 15]

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Question 2(d)

(i) Notice has been received from a member proposing himself for appointment as a director after the issue of notice convening the annual general meeting. As a secretary of a public company, how will you deal with the above situation?

(ii) Yash, one of the directors of the company, sends a letter to the company secretary for convening the Board meeting at an early date. Comment.

(iii) Advise M/s Super Flop Ltd. in respect of payment of remuneration of ₹ 40,000 per month to the whole time director of the company running in loss and having an effective capital of ₹ 95.00 lacs.

[6+4+5 = 15]

Question 2(e)

(i) The Board of directors of M/s. Serious Consultants Limited, registered in Calcutta, proposes to hold the next Board meeting in the month of December, 2014. They seek your advise in respect of the following matters:

1. Can the Board meeting be held in Chennai, when all the directors of the company reside at Calcutta?
2. Whether the Board meeting can be called on a national holiday and that too after business hours as the majority of the directors of the company have gone to Chennai on vacation.
3. Is it necessary that the notice of the Board meeting should specify the nature of business to be transacted?

Advise with reference to the relevant provisions of the Companies Act, 2013.

(ii) The Central Government has powers to fix limit on remuneration of managerial personnel. Comment.

(iii) Explain the duty of the Registrar to make a report on the inspection made by him.

[(2.5+3+2.5) + 4+3 = 15]

Question 3: Answer any two questions

[20 Marks]

Question 3(a)

(i) Analyze CSR as a Corporate Brand

(ii) Discuss the relevance of OECD Guidelines for Corporate Governance of State-owned enterprises.

[5+5 = 10]

Question 3(b)

(i) What is the role of SEBI in promoting Corporate Governance?

(ii) What is Corporate Citizenship? Is this fundamentally different from Corporate Social Responsibility?

[5+5 = 10]

Question 3(c)

- (i) Can whole life risk be analysed?
- (ii) Discuss, "Governance in India – The Path Ahead"

[5+5 = 10]