

Paper-13: CORPORATE LAWS AND COMPLIANCE

PTP_Final_Syllabus 2012_June2016_Set 1

	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 asses the value of	
	Recommend	Propose a course of action	

Paper-13: CORPORATE LAWS AND COMPLIANCE

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]

- (i) The Registrar of Padma Co. Ltd issued on 8th February, 2013, a Certificate of Incorporation dated 5th February, 2016. An allotment of shares was made on 5th February, 2016. Is the allotment void. Comment. 3
- (ii) State the provisions that would be attracted for non-compliance of maintenance of books of accounts u/s 128 of Companies Act, 2013. 3
- (iii) Debenture with voting rights can be issued only if permitted by the Articles of Association. Comment. 3
- (iv) Special resolution is to be passed for winding up by court. Comment. 3
- (v) State the sources from where a Bonus issue may be funded as per SEBI (ICDR), 2009 – Regulation 94. 3
- (vi) Write short note on Corporate Governance Committee. 3
- (vii) Discuss briefly the Corporate Citizenship. 2

Question 2: Answer any four questions

[60 Marks]

Question 2(a)

- (i) State the manner of investment of assets by an insurer, as per Insurance Act, 1938.
- (ii) Mr. Ram Kamal is an Indian Citizen. He has been residing in India since his birth. He left India for employment in Australia on 25th February, 2001. The contract of employment is for 2 years. He comes back on 24th February, 2003. What is his residential status for the financial years 2000-01, 2001-02, 2002-03 and 2003-04?

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(iii) The agenda for the meeting of the Board of Directors of Brilliant Ltd held on 20-09-2014 for adopting the annual accounts for the year ended 31-03-2014 included an item relating to payment of dividend. At the Meeting it became apparent that the profits made during the year ended 31-03-2014 were inadequate to declare dividend. The Board was keen to maintain the rate of 20% dividend on the Equity Shares as declared in the previous years so as to maintain the image of the Company. The Company has some accumulated profits earned in previous years, which were transferred to Reserves. Advise the Company as to how it should go about to achieve the objective to pay dividend at the rate of 20% on the Equity Shares.

[5+5+5 =15]

Question 2(b)

(i) ABC Private Ltd was incorporated on 15-09-2015 in the State of Maharashtra by a group of Professional Engineers without any knowledge about the maintenance of the books of account. The Company has appointed you as the Chief Account Officer at New Delhi where the books of account will be maintained. Advise the management with respect to the following under the Companies Act:-

(A) The nature of books to be maintained.

(B) The period for which the accounts have to be preserved, and

(C) The steps to be taken if the books of accounts are to be kept in New Delhi.

(ii) Ashutosh, a practising Chartered Accountant, is attending to the tax matters of Global Florist Ltd, and for that purpose has to regularly attend to the Company from 10.00 A.M. to 2.00 P.M. on all working days. He is paid ₹20,000 p.m. for the same. Global Florist Ltd intends to appoint Ashutosh as its Auditor at the ensuing General Meeting. Advise whether Ashutosh can accept the appointment.

(iii) The Board Meeting of ABC Ltd had the following schedules - 1st January, 30th June, 1st July, and 31st December. The meeting on 31st December could not be held for want of quorum. State whether the Board Meetings were held validly, and also state what shall be the Date of Adjourned Meeting if that day happens to be a National holiday.

(iv) State the rule of holding Board meetings in case of One-person Company.

[5+5+4+1 = 15]

Question 2(c)

(i) Rishab is a Director of Yoga Ltd, Gym Ltd and Pilates Ltd. Yoga Ltd was regular in filing Annual Returns, but did not file Annual Accounts for the year ended 31.03.2013. Further, Yoga Ltd failed to pay interest on loans taken from a Public Financial Institution from 01.01.2013 onwards, and also failed to repay the matured deposits on due date from 01.04.2013 onwards.

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Rishab is proposed to be appointed as Additional Director of Free Limited on 01.06.2014. Free Ltd has sought a declaration from Rishab, to the effect that the disqualification u/s 164(2) is not applicable in his case. Rishab seeks your advice on the following -

1. Whether it is in order for him to give declaration sought by Free Ltd in view of the defaults committed by Yoga Ltd?
2. Whether he can continue as a Director in Gym Ltd and Pilates Ltd and also seek re-appointment when he retires by rotation at the AGMs of the respective Companies to be held in September 2014.
3. Advise Rishab on the above. Would your answer be different, if Rishab resigned his office of Director in Yoga Ltd on 31.12.2013?

(ii) The Balance Sheet of Keshav Ltd as at 31st March disclose the following position- in ₹ Crores

Share Capital	100
Reserves & Surplus	300
Secured Loans	150
Unsecured Loans	100
Current Liabilities	70

Mr. Sumit, the Managing Director of the Company approaches the Robust Bank for a Secured Loan ₹ 600 Crores to finance the new projects to be taken up shortly. The Bank seeks your advice whether it can grant the loan of ₹ 600 Crores on the application of Mr. Sumit. Advise the Robust Bank.

(iii) The Paid Up Share Capital of Advanced Casting Pvt Ltd is ₹1 Crore consisting of 8,00,000 Equity Shares of ₹10 each fully paid up and 2,00,000 Convertible Preference Shares of ₹10 each fully paid up. Quality Forgings Pvt Ltd and Supreme Engineering Pvt Ltd are holding 3,00,000 Equity Shares and 2,50,000 Equity Shares respectively. Quality Forgings Pvt Ltd and Supreme Engineering Pvt Ltd are the Subsidiaries of Unique Machineries Pvt Ltd. Examine –

1. Whether Advanced Casting Pvt. Ltd is the Subsidiary of Unique Machineries Pvt. Ltd.
2. Will your answer be different if Unique Machineries Pvt. Ltd controls the Composition of Board of Directors of Advanced Casting Pvt. Ltd?

[6+4+5 = 10]

Question 2(d)

(i) Sunshine limited was incorporated on 1st April 2007. The Company got its Shares listed at Bombay Stock Exchange on 30th September 2012. The Company at an Extra-Ordinary General Meeting held on 31st October 2014, decided to go for public issue of Equity Shares to an extent of ₹300 Crores. The Net Worth of the Company as per the audited Balance Sheet in the financial years 2012-2013 and 2013-2014 was ₹50 Crores and ₹60 Crores respectively. During the financial year 2013-2014, the Company had already issued Equity Shares amounting to ₹20 Crores. There is no change in the name of the Company or its business activities during the financial year 2013-2014. Referring to SEBI Guidelines, advice the Company on the following -

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1. Whether the Company can go ahead with the public issue of Equity Shares as stated above?
2. What would be your advice in case the Net Worth of the Company as per audited Balance Sheet in the Financial Year 2012-2013 and 2013-2014 was ₹20 Crores and ₹30 Crores respectively?
3. What would be the position in case the Company in question changed its name to Sundown Ltd during the year 2013-2014, 3 months before filing the offer document and the revenue due to change of business activity suggested by the new name during the financial year 2013-2014 was 40% less than the Total Revenue for the financial year 2012-2013 reckoned from the date of filing the offer document?

(ii) Write a note on Central Registry and its related issues, as per SARFAESI Act, 2002.

(iii) Akshat who was appointed as a Director at the last AGM resigned. The Board filled up the vacancy by appointing Mr. Dinda. But within few days of his becoming Director, Mr. Dinda died. The Board wishes to appoint Zarun in place of Mr. Dinda in the next Board Meeting. Can the Board do so?

[5+6+4 = 15]

Question 2(e)

(i) The Issued, Subscribed and Paid Up Share Capital of ABC Nidhi Company Ltd is ₹ 10 Lakhs consisting of 90,000 Equity Shares of ₹ 10 each fully paid up, and 10,000 Preference Shares of ₹ 10 each fully paid up. Out of the Members of the Company, 400 Members holding one Preference Share each and 50 Members holding 500 Equity Shares applied for relief u/s 397 & 398. As on the date of petition, the Company had 600 Equity Shareholders and 5,000 Preference Shareholders. Examine whether the above petition is maintainable. Will your answer be different, if Preference Shareholders have subsequently withdrawn their consent?

(ii) State what you understand by MCA 21. List the key benefits of MCA 21 Project to various Stakeholders?

(iii) Describe the various measures that can be availed by a securitization or reconstruction company for its asset reconstruction.

[6+5+4 = 15]

Question 3: Answer any two questions

[20 Marks]

Question 3(a)

(i) State the advantages of Good Corporate Citizenship.

(ii) Would you advocate the following understandings with relation to CSR? Discuss.

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- Businesses invest the money, therefore they decide the modus operandi of the CSR initiative
- Financial resources alone can meet CSR needs of an enterprise.
- CSR is interchangeable with corporate sponsorship, donation or other philanthropic activities.

[5+5 =10]

Question 3(b)

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

(ii) Triple Bottom Line Approach of Corporate Social Responsibility (CSR). Discuss.

[5+5 = 10]

Question 3(c)

(i) What are the CORE elements of the Corporate Social Responsibility (CSR) policy as per the CSR Voluntary Guidelines, 2009?

(ii) According to Altered Images: The 2001 State of Corporate Responsibility in India Poll' a survey conducted by TATA Energy Research Institute (TERI), the evolution of CSR in India has followed a chronological evolution of 4 thinking approaches.—Explain the same.

[5+5 = 10]