

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

1. Answer any 4 from the below

[4x5=20]

- (a) The Board of Directors of Nirbhaya Limited proposes to transfer more than 10% of the profits of the company to the reserves for the current year. Advise the Board of Directors of the said company mentioning the relevant provisions of the Companies Act, 2013.
- (b) The Board of Directors of MNP Limited appointed Ms. Sheela as a Women Director in the Board Meeting held on 10th September, 2014. The said appointment was made to fill the vacancy of the Woman Director, which had occurred as a result of resignation of Ms. Neha on 30th June, 2014. Examine the validity of the following appointment with reference to the provisions of the Companies Act, 2013. Will your answer differ if the Board Meeting of the company was held on 8th November, 2014?
- (c) Orion 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. Will it make any difference, if Orion Company Ltd. does not carry on business for Profit?
- (d) Head Hunter 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 Head Hunter Limited for its failure.
- (e) Analyse "Corporate Social Responsibility" as a Corporate Brand.

2. (a) The Board of Directors of IPL Limited appointed Mr. Narainan as an alternate director for a period of two months against a director who has proceeded abroad on leave for period of six months. Articles of Association of the company are silent in this regard. Referring to the provisions of the Companies Act, 2013, examine the validity of the above.

(b) 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
- (iv) Unsecured Loans ₹ 5 crores

Advice the management of the company.

(c) Explain how the auditor will be appointed in case of A Government Company within the meaning of section 394 of the Companies Act, 2013.

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3. (a) What are the qualifications of an Internal Auditor? 5
- (b) What are the duties of the inspector as enumerated in section 223 of the Companies Act, 2013, in relation to his report? 6
- (c) Mr. Arjun, a director of Northern Highway Tolls Private Limited, authorized by board of directors to prepare and file return, report or other documents to registrar on the behalf of the company. He timely filed all the required documents to Registrar; however, subsequently it is found that the filed documents are false in respect to material particulars (knowing it to be false) submitted to registrar. Explain the penal provision under the Companies Act, 2013? 5
4. (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) 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
- (c) Novartis Ltd. wants to maintain its books of account on cash basis. Is it permitted as per Companies Act, 2013. 5
5. (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. 6
- (b) Brunei 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 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 Brunei Limited. 5
- (c) Can a company pay compensation to its directors for loss of office? Explain briefly the relevant provisions of the Companies Act, 2013 in this regard. 5
6. (a) Mr. Paresh 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
- (b) What are the provisions in the Insurance Act, 1938 regarding nomination by of Life Insurance Policy holder? Whether a minor can be a nominee in a Life Insurance Policy? 6
- (c) What are the qualifications required to be appointed members of state commission as per the Indian Electricity Act, 2003. 5
7. (a) An understanding has been reached among the manufacturers of cement to control the price of cement, but the understanding is not in writing and it is also not intended to be enforced by legal proceedings. Examine whether the above understanding can be considered as an 'Agreement' with the meaning of Section 2(b) of the Competition Act, 2002? 5

(b) Mr. Rajan, an investor is not satisfied with the dealings of his stock broker who is registered with Delhi Stock Exchange. Mr. Rajan 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

(c) How a trial under the Prevention of Money Laundering Act, 2002 is conducted in Special Courts? 6

8. (a) What are the difficulties encountered in Governance in the State Owned Business? 8

(b) What is the relationship between Corporate Social Responsibility and Sustainable Development? 8