

Paper 13- Corporate Laws and Compliance

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Full Marks: 100

Time allowed:3 hours

Section A

1. Answer all questions mentioned below. Mark the correct answer (only indicate A or B or C or D) and give justification. [2 × 10 = 20]

Multiple choice question:

- (i) A memorandum containing such salient features of a prospectus as may be specified by the Securities and Exchange Board by making regulation in this behalf is known as
- (A) Red Herring Prospectus
 - (B) Abridged Prospectus
 - (C) Shelf Prospectus
 - (D) Deemed Prospectus
- (ii) Strategy to tackle black money under The Prevention of Money Laundering Act, 2002:
- (A) Preventing generation of black money
 - (B) Effective detection, investigation & adjudication of black money
 - (C) Both the above
 - (D) None of the above
- (iii) Any allotment of securities made on the basis of Prospectus should be void if permission of listing is not granted by the Stock Exchange before expiry of
- (A) 12 weeks from the closure of the issue
 - (B) 10 weeks from the closure of the issue
 - (C) 8 weeks from the closure of the issue
 - (D) 30 days from the closure of the issue
- (iv) Which of the following is not the correct manner in the event of any change in his particulars as stated in Form DIR-3, an applicant intimate such change to the Central Government within a period of 30 days of such change in Form DIR-3?
- (A) The applicant shall download Form DIR-6 from the portal
 - (B) The form shall be digitally signed by CA or CS or CMA
 - (C) The applicant shall submit the fees
 - (D) The applicant shall submit the form DIR-6
- (v) The Apples producers of Shimla have formed an association to control the production of apples. This association is called as
- (A) Pool
 - (B) Cartel
 - (C) Merger
 - (D) Combination

- (vi) Payment of Commission on exports made towards equity investment in wholly owned subsidiary abroad of an Indian Company is
- (A) Permissible
 - (B) Prohibited
 - (C) Forwarded
 - (D) Restricted
- (vii) Which of the following listing provides arbitrage opportunities to the investors, whereby they can make profit based on the difference in the prices prevailing in the said exchanges?
- (A) Multiple listing
 - (B) Initial listing
 - (C) Listing for right issue
 - (D) Listing for public issue
- (viii) Corporate Governance is a blend of the Internal and External Corporate Governance
- (A) Techniques
 - (B) Mechanisms
 - (C) Systems
 - (D) Methods
- (ix) No banking company shall create any charge upon its
- (A) Paid up Capital
 - (B) Unpaid Capital
 - (C) Paid up and unpaid capital
 - (D) None of these
- (x) Which of the following is not the condition for issue of IDR?
- (A) Issue size should not be more than Rs. 50 crores
 - (B) Minimum application amount should be Rs. 20,000
 - (C) At least 50% of the IDR issued should be allotted to qualified institutional buyers on proportionate basis
 - (D) There will be only denomination of IDR of the issuing company

Section B

Answer any Five Question [16 X 5 =80]

2. (a) The Board of Directors of XYZ Ltd. at its meeting declared a dividend on its paid-up equity share capital which was later on approved by the company's Annual General Meeting. In the meantime, the directors at another meeting of the Board decided by passing a resolution to divert the total dividend to be paid to shareholders for purchase of investments for the company. As a result, dividend was paid to shareholders after 45 days. Examining the provisions of the Companies Act, 2013, state:
- (i) Whether the act of directors is in violation of the provisions of the Act and also the consequences that shall follow for the above act of directors?
 - (ii) What would be your answer in case the amount of dividend to a shareholder is adjusted by the company against certain dues to the company from the shareholder?

[6]

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- (b) Universal, a foreign company, incorporated in Australia was carrying on its business in Delhi related to manufacturing of automobile parts. Due to failure of its compliance with the respective law of the country under which it was incorporated, it was ceased to exist. Decide in the light of the Companies Act, 2013 the status of the company and the effect on the Conduct of Business in India. [3]
- (c) What are the duties of Directors under the provisions of Companies Act, 2013? [7]
3. (a) Person who are not entitled to initiate insolvency resolution process-Discuss. [7]
- (b) Comment with reference to the provisions of the Companies Act, 2013 in respect of the following:-
- (i) Mr. P who is not qualified to be appointed as an independent director is appointed by the Board of Directors of XYZ Company Limited, for an independent director, as an alternate director.
- (ii) On the request of bank providing financial assistance, the Board of Directors of PQR Limited decides to appoint on its Board Mr. Peter, as nominee director. Articles of Association of the Company do not confer upon the Board of Director any such power. Further, there is no agreement between the company and the bank for any such nomination. [2+3=5]
- (c) List the types of Equity Shares on which Locked-in is not applicable. [4]
4. (a) (i) Is it mandatory to obtain Regulatory approvals for scheme of compromise/ arrangements as per section 230(5) of the Companies Act, 2013? Explain.
- (ii) You, an individual shareholder found that the Directors representing the majority of shareholders perform an illegal or ultra vires act for the company. What is the action you may take to restrain such an act? [3+2=5]
- (b) Winding up proceedings has been commenced by the Tribunal against Paramount Limited, a government company (Central Government is a member). Even after completion of one year from the date of commencement of winding up proceedings, it has not possible to conclude the same. The liquidator is of the opinion that the statement shall be filed with tribunal and registrar only.
- (i) Decide validity to the opinion made by the liquidator and penalty that can be imposed on the liquidator for contravention of the provision as per the Companies Act, 2013.
- (ii) Discuss, if the Paramount Limited is a non-government company. [7]
- (c) PBX Pvt. Ltd. is a company in which there are 6 shareholders. Mr. Bala, who is a director and also the legal representative of a deceased shareholder holding less than one tenth of the share capital of the company made a petition to the tribunal for relief against oppression and mismanagement. Examine under the provisions of the Companies Act, 2013 whether the petition made by Mr. Bala is valid and maintainable. [4]
- 5(a) (i) List out the main features of a qualified and independent audit committee to be set up under SEBI (listing obligations and disclosure Requirements) Regulations, 2015. [5]
- (ii) State the matters to be dealt with in the Management Discussion and Analysis Report as per SEBI guidelines on Corporate Governance. [3]

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(b) (i) Upon an enquiry made by the Competition Commission of India it was found that Huge Limited is enjoying dominant position in the market and there is every possibility that the company may abuse its dominant position. In order to overcome such a possible situation, the Competition Commission of India wants to order for division of Huge Limited. Referring to the provisions of the Competition Act, 2002, describe the matters which may be provided in the said order. **[5]**

(ii) Explain the provision as to Division of enterprise enjoying dominant position under the competition Act 2002? **[3]**

6.(a) (i) Power of Reserve Bank to inspect authorized person under Foreign Exchange Management Act, 1999 **[4]**

(ii) what are the procedure for receiving Foreign Direct Investment (FDI) in an Indian company. **[4]**

(b) Explain the powers and functions of IRDA. **[8]**

7. (a) (i) Explain how the provisions of the Companies Act, 2013 relating to Audit Committee will help in achieving some of the objectives of Corporate Governance. **[5]**

(ii) Explain the advantages of the family Businesses over Non –family Businesses? **[4]**

(b) Explain the status of implementation of XBRL in India. **[7]**

8. Write short notes any four of the following: **[4x4=16]**

(a) Persons who are not entitled to initiate insolvency resolution process

(b) Illegal Association

(c) Foreign Currency Convertible Bond under FEMA, 1999

(d) CSR can mean different things to different people. Explain

(e) Responsibilities of the Board of State Owned enterprises