

Paper 13 – Corporate Laws and Compliance

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Full Marks: 100

Time allowed: 3 hours

Section – A

1. Answer all questions.

(a) Multiple Choice Questions

[20 Marks]

- (i) Where a member wishes to transfer only a part of his shareholding or wishes to sell them to two or more persons, he is required to submit the share certificate with the company. This certificate is known as _____.
- (a) Lodging Certificate
 - (b) Endorsement Certificate
 - (c) Forwarding Certificate
 - (d) None of the above
- (ii) _____ means a person liable to contribute towards the assets of the company in the event of its wound up.
- (a) Share Holder
 - (b) Contributory
 - (c) Promoter
 - (d) Any of the above
- (iii) An arrangement provided by the issuer under which a person offers to purchase specified securities from the original resident retail individual allottees at the issue price is known as _____.
- (a) Hedging
 - (b) Pledging
 - (c) Safety net arrangement
 - (d) None of the above
- (iv) Gold includes gold in the form of _____ whether legal tender or not, or in the form of bullion or ingot, whether refined or not.
- (a) Biscuits
 - (b) Bricks
 - (c) Bars
 - (d) Coins
- (v) National Voluntary Guidelines, 2011 have been articulated in the form of _____ Principles with the Core Elements to actualize each of the principles.
- (a) 9
 - (b) 10
 - (c) 12
 - (d) 15

- (vi) When only a part of the shares is transferred, the company issues a ticket for the balance of shares not transferred. Such a ticket is known as
- (a) Issue Ticket
 - (b) Balance ticket
 - (c) Balance Certificate
 - (d) Issue Certificate
- (vii) _____ means prohibition of transfer, conversion, disposition or movement of property by an order issued under PMLA 2002.
- (a) Lock-out
 - (b) Underwriting
 - (c) Attachment
 - (d) Scrutiny
- (viii) A _____ includes an agreement or arrangement in writing for transfer of assets, or funds, goods or services, from or to the corporate debtor.
- (a) Transaction
 - (b) Transfer
 - (c) Liquidation
 - (d) None of the above
- (ix) According to the Companies (Registration of Foreign Companies) Rules, 2014, every foreign company shall prepare _____
- (a) financial statement of its Indian business operations in accordance with Schedule III
 - (b) financial statement of its Indian business operations
 - (c) its cash transaction records
 - (d) financial statement of its all business operations in accordance with Schedule III
- (x) _____, the maximum amount which can be invested by foreign investors in an entity, unless provided otherwise, is composite and includes all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under different Schedules of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations.
- (a) Investment cap
 - (b) Sectoral cap
 - (c) FDI cap
 - (d) Reparation cap

Section – B

Answer any 5 questions:

[16×5 = 80]

2. (a) Rapid Real Estate Limited, a listed company has made the following profits; the profits reflect eligible profits under the relevant section of the Companies Act, 2013.

Financial year	Amount (₹ in crores)
2011-12	20
2012-13	40
2013-14	30
2014-15	70
2015-16	50

- (i) Calculate the amount that the company has to spend towards CSR.
- (ii) Give the composition of the CSR committee of a listed and unlisted company.
- (iii) Will the company suffer penalties if they fail to provide for or incur expenditure for CSR

- (b) A producer company was incorporated on 1st September, 2009. At present the paid-up Share Capital of the company is ₹10 lakhs consisting of 1,00,000 Equity Shares of ₹10 each fully paid-up held by 200 individuals and 20 producers institutions. You are required to answer the following with reference to the provisions of the Companies Act, 1956:

- (i) What is the time limit for holding the First Annual General Meeting and the subsequent Annual General Meetings?
- (ii) What is the Quorum for the Annual General Meeting?
- (iii) State the manner in which the voting rights of the members are determined.
- (iv) Is it possible to remove a member? [8+8 = 16]

3. (a) WILSON Limited is facing loss in business during the current Financial Year 2015-16. In the immediate preceding three financial years, the company had declared dividend at the rate of 8%, 10% and 12% respectively. To maintain the goodwill of the company, the Board of Directors has decided to declare 12% interim dividend for the current financial year. Examine the applicable provisions of the Companies Act, 2013 and state whether the Board of Directors can do so.

- (b) Mr. Deshmukh is a director of Practical Ltd. The said company is having sufficient liquid funds and Mr. Deshmukh is in dire need of funds. In order to mitigate the hardship of Mr. Deshmukh the board of directors of Practical Ltd. wants to lend ₹5 lakhs to him and ₹2 lakhs to his wife. State whether such loans can be given and if so under what conditions. What would be your answer if the company Practical Ltd. would have been Practical Private Ltd.

- (c) The Board of directors of Best Ltd., are contributing every year to a charitable organization a sum of ₹60,000. In a particular year, the company suffered losses and the directors are contemplating to contribute the said amount in spite of the losses. In this connection, state whether the directors can do so? [5+5+6 = 16]
4. (a) Mr. Kamal, a Chartered Accountant, was appointed by the Board of Directors of Reliable Limited as the First Auditor. The company in General Meeting removed Mr. Kamal without seeking the approval of the Central Government and appointed Mr. Naresh as Auditor in his place. Examine the validity of the appointment with reference to the provisions of Companies Act, 2013.
- (b) What are the duties of the inspector as enumerated in Sec 223 of the Companies Act, 2013 in relation to his report.
- (c) Examine with reference to the provisions of the Companies Act, 2013 whether notice of a Board Meeting is required to be sent to the following persons:
- (i) An interested Director;
 - (ii) A Director who has expressed his inability to attend a particular Board Meeting;
- [6+6+4 = 16]
5. (a) As per the provisions of the Banking Regulation Act, 1949, a Banking Company in addition to the business of Banking, may carry on some general utility services as listed in Section 6. List out any five of the general utility services, that a bank may carry on.
- (b) State the procedure wherein a corporate insolvency resolution process can be initiated by a financial creditor? [6+10 = 16]
6. (a) A Ltd. and B Ltd. both dealing in chemicals and fertilizers have entered into an agreement to jointly promote the sale of their products. A complaint has been received by the Competition Commission of India (CCI) stating that the agreement between the two is anti-competitive and against the interests of others in the trade. Examine with reference to the provisions of the Competition Act, 2002, what are factors of CCI will take into account to determine whether the agreement in question will have any appreciable adverse effect on competition in the market.
- (b) Bareilly Stock Exchange wants to get itself recognize. Explain:
- (i) Who enjoys the power to recognize stock exchange?
 - (ii) What information will have to be provided with the application for recognition?
- (c) State the "Insurable Interest" — based on the Insurance Act, 1938. [4+6+6 = 16]

7. (a) Corporate Social Responsibility (CSR) is also called Corporate Citizenship or Corporate Responsibility? — Discuss

(b) 'The typical organizational structure of PSUs makes it difficult for the implementation of Corporate Governance practices as applicable to other publicly- listed private enterprise.' In the above context, list the difficulties encountered in Governance.

[8+8 = 16]

8. Write a note on: (Any Four)

[4 × 4 = 16]

(i) Actuarial Valuation/ Report (Section 13 of Insurance Act, 1938)

(ii) Lock - in of Specified Securities held by promoters.

(iii) STR (Suspicious Transaction Reports)

(iv) Grant of recognition to Stock Exchanges—Conditions, Section 4(2) SCRA, 1956.

(v) Information Utilities under, Insolvency and Bankruptcy Code, 2016