

Postal Test Papers_P13_Final_Syllabus 2012

P13 - Corporate Laws & Compliance

Test Paper—III/13/CLC/2012/T-1

Time Allowed-3hours

Full Marks-100

Section A-Corporate Laws (75 Marks)

Question 1

- (a) What is Right Share? Discuss the procedure for issue of Right Shares. **[1+7=8]**
- (b) Discuss the provisions for resignation and removal of the Chairperson of the Appellate Tribunal as per The Indian Electricity Act, 1910. **[2]**
- (c) Who cannot be appointed as Cost Auditors? What are the additional disqualifications notified by ICAI regarding cost auditor? **[3+2=5]**

Question 2

- (a) The Board of Directors of M/s Aditya Consultants Limited, registered in Kolkata, proposes to hold the next board meeting in the month of May, 2012. They seek your advice in respect of the following matters:
- Can the board meeting be held in Chennai, when all the directors of the company reside at Kolkata.
 - Whether the board meeting can be called on a public holiday and that too after business hours as the majority of the directors of the company have gone to Chennai on vacation.
 - 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. **[2+2+2=6]**
- (b) Briefly discuss the provisions of the Competition Act, 2002 relating to:
- Power of Central Government to exempt.
 - Restriction on disclosure of information.
- (c) What do you understand by the term "Price Sensitive Information" as contemplated in the Securities and Exchange Board of India Act, 1992? What is the information which can be deemed to be "Price Sensitive Information". **[1+4=5]**

Question 3.

- (a) Distinguish between Members' voluntary winding up & creditors' voluntary winding up. **[5]**
- (b) M/s Info-tech Overtrading Ltd. was ordered to be wound up compulsorily by an order dated 15th October, 2012 of the Delhi High Court. The official liquidator who has taken control of the assets and other records of the company has noticed the following:
- The Managing Director of the company has sold certain properties belonging to the company to a private company in which his son was interested causing loss to the company to the extent of ₹ 50 lakhs. The sale took place on 10th May, 2012.
 - The company created a floating charge on 1st January, 2012 in favour of a private bank for the overdraft facility to the extent of ₹ 5 crores, by hypothecating the current assets viz., stocks and book debts.
- Examine what action the official liquidator can take in this matter having regard to the provisions of the Companies Act, 1956. **[2+3=5]**
- (c) State the Cash Reserve which is required to be maintained by banks as per The Banking Regulation Act, 1949 **[2]**

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- (d) There are eight shareholders in M/s Supriya Private Ltd. Mr. Ram who is holding less than one-tenth of the Share Capital of the company seeks your advice whether he can apply to the Company Law Board for relief against Oppression and Mismanagement. Advice [3]

Question 4.

- (a) What is Demerger? Explain the conditions for Demerger. [2+4=6]
- (b) What provision has been made under Section 15G of the SEBI Act, 1992 in connection with penalty for insider trading? [3]
- (c) Explain the meaning of the term "Current Account Transaction" and the right of a citizen to obtain Foreign Exchange under the Foreign Exchange Management Act, 1999. [3]
- (d) What are the Duties of Transmission licensees as per the Indian Electricity Act, 1910. [3]

Question 5.

- (a) Sunrise Company Limited was merged with Moonlight Company Limited on account of amalgamation. Some workers of sunrise Company Limited refused to join as workers of Moonlight Company Limited and claimed compensation on the ground of premature termination of their services. Moonlight Company Limited resists the claim of the workers on the ground that their services have been transferred to Moonlight Company Limited in view of the order of amalgamation and merger and hence the workers must join the service of Moonlight Company Limited and cannot claim any compensation. State the powers of the court about the matters that would be considered while sanctioning the scheme of amalgamation under the provisions of the Companies Act, 1956. Decide whether the contention of the workers is justified. [4]
- (b) State as per The Insurance Act, 1938: [5]
- (i) Provision for securing compliance with requirements relating to capital structure.
- (ii) Particulars to be filled by insurers established outside India.
- (c) Examine with reference to the relevant provisions to the Competition Act, 2002 whether a person purchasing goods not for personal use, but for resale can be considered as a 'consumer'. [3]
- (d) The Board of Directors of M/s Greenfield Projects Limited, a company whose shares are listed on the Delhi Stock Exchange propose to give loans to a sister company in excess of the limit prescribed under Section 372A(1) of the Companies Act, 1956. The next annual general meeting of the company is due only after six months. Since the board is anxious to complete the formalities quickly without waiting for the date of next annual general meeting, advise the Board about the steps to be taken to comply with the legal requirements under the Companies Act, 1956. [3]

Part B-Corporate Governance and Responsibilities (25 Marks)

Question 6.

- (a) What is corporate governance? State the recommendations of Kumar Mangalam Committee Report on Corporate Governance in India. [2+8=10]
- (b) State the OECD Guidelines for Corporate Governance of State-owned Enterprises. [5]

Question 7.

- (a) What is Whole life cycle costing? What are the data requirements in whole life-cycle costing and risk assessment? [3+4=7]
- (b) Mention the core Elements that a CSR Policy should normally cover. [3]

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Test Paper—III/13/CLC/2012/T-2

Section A-Corporate Laws (75 Marks)

Question 1.

- (a) Define LLP and state the advantages of having a LLP. **[2+4=6]**
- (b) Role of Audit committee as per clause 49. **[5]**
- (c) Aakash Ltd. issued Convertible Debentures during the financial year 2011-12. Now it wants to alter the terms of redemption. Is it permissible under the provision of SEBI Regulations? **[2]**
- (d) Mr. Mani was appointed as director of the company in an annual general meeting. He took over the office and carried on his functions as director. Subsequently, it was found that there were some irregularities in voting and hence the appointment was declared invalid. Would the acts done by Mr. Mani, while in office as director, be binding upon the company? **[2]**

Question 2.

- (a) The Official Liquidator of a public company in liquidation instituted misfeasance proceedings against the Managing Director of the Company. During the pendency of the proceedings, the Managing Director passed away. What is meant by misfeasance? Can the legal representatives of the Managing Director be impleaded and the proceedings continued against him? **[1+3=4]**
- (b) What is money laundering and what is the punishment given for it? **[2+3=5]**
- (c) No dividend can be paid by a company except out of profits". Comment **[4]**
- (d) SEBI is of the opinion that in the interest of investors it is desirable to amend the rules of ABC Stock Exchange prohibiting the appointment of the broker-member as President of the stock exchange. Explain with reference to the provisions of the Securities Contracts (Regulation) Act, 1956 whether it is possible for SEBI to amend the rules of the Stock Exchange, if the rules are not amended by the stock exchange. **[2]**

Question 3.

- (a) State the reasons for passing the Competition Act, 2002. What are its powers? **[3+5=8]**
- (b) Can a company pay compensation to its directors for loss of office? Explain briefly the relevant provisions of the Companies Act, 1956 in this regard? **[2]**
- (c) Difference between Amalgamation and Reconstruction. **[5]**

Question 4.

- (a) Explain as per The Indian Electricity Act, 1910: **[2.5x2=5]**
- (i) National Electricity policy and plan
- (ii) Hydro- electric generation
- (b) Referring to the provision of the Companies Act, 1956, as contained in section 397 of the Act, examine whether the following acts of the company amount to oppression?
- (i) Allotment of shares by the directors of the company by which the existing majority is reduced to minority.
- (ii) Allotment of shares by the directors by which the existing minority shareholders are made to majority? **[2+2=4]**

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- (c) Mrs. Kochhar is a Director in 14 public limited companies on 30th November, 2012. This apart, she is an alternate director in another public limited company. The following particulars are made available to you, relating to her appointment as Director in various companies in annual general meetings (AGM) held:

Name of Company	Date of AGM
Daya Organics Ltd.	1st December, 2012
Vimala Plastics Ltd.	29th November, 2012
Balaji Association (a company registered under section 25 of the Companies Act, 1956)	30th November, 2012

Based on the provisions of the Companies Act, 1956, you are required to advise Mrs. Kochhar, as to the options available to her for accepting or refusing the aforesaid appointment. **[4]**

- (d) The Official Liquidator of the Bobby Limited (in liquidation) has realised ₹50 lakhs by selling the land owned by the company. The company owes ₹1 crore to its bankers towards a loan secured by the company's land and factory buildings. The bank has claimed that the amount realised by sale of land must be paid in full to it in preference to the 'workmen' dues' to the extent of ₹25 lakhs. Examine the bank's claim with reference to the relevant provisions of the Companies Act, 1956. **[2]**

Question 5.

- (a) Amalgamation and transfer of insurance business as per The Insurance Act, 1938. **[5]**
- (b) ABC Ltd. is a listed company having a shareholders fund of ₹60 crore of which ₹24 crore is general reserves, desires to make a loan of ₹10 crore to XY Ltd. ABC Ltd., holds 60% of the equity shares in XY Ltd. ABC Ltd. has already made investments in and given loans to other companies aggregating to ₹30 crore. ABC Ltd., has not committed any default in respect of institutional loans or in repayment of fixed deposits. Advise the managing director of the steps to be taken to implement the decision. Would your answer be different if MN Ltd., is ABC Ltd.'s wholly owned subsidiary? **[2+2=4]**
- (c) Explain the circumstances under which a Director retiring at an annual general meeting shall be deemed to have been re-appointed even though no such appointment has been made. **[2]**
- (d) Short note on: **[2+2=4]**
- Conglomerate merger
 - Horizontal merger

Part B-Corporate Governance and Responsibilities (25 Marks)

Question 6.

Write a note on:

- (a) Corporate governance in family business. **[6]**
- (b) Cadbury Report **[2]**
- (c) Hampel Report **[2]**

Question 7.

- (a) What is Corporate Social Responsibility (CSR)? **[4]**
- (b) Corporate Social Responsibility is not charity- Evaluate the statement. **[6]**
- (c) Why risk assessment is needed in whole life costing? **[5]**