

Roll No.

FINAL
GROUP-I PAPER-4
CORPORATE AND
ALLIED LAWS

MAY 2015

Total No. of Questions – 7

Total No. of Printed Pages – 08

Time Allowed – 3 Hours

Maximum Marks – 100

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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Attempt any five questions from the remaining six questions.

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1. (a) PQR Limited is an unlisted Public company having paid up share capital of ₹ 80 crores during the preceding financial year 2014-15. The turnover of the company was ₹ 110 crores for the same period. Referring to the provisions of the Companies Act, 2013, answer the following :
- (i) Is it mandatory for the above company to appoint an internal auditor for the financial year 2015-16 ?
- (ii) What are the qualifications of the Internal Auditor ?
- (b) (i) Referring to the provisions of the Companies Act, 2013, examine the validity of the following :
- The Board of Directors of ABC Limited proposes to declare dividend at the rate of 20% to the equity shareholders, despite the fact that the company has defaulted in repayment of public deposits accepted before the commencement of this Act.

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- (ii) WL 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 ? 3
- (c) What is the required qualification for the appointment of : 4
- (i) The Presiding Officer
- (ii) Member
- of the Securities Appellate Tribunal as per the provisions of the Securities and Exchange Board of India (SEBI) Act, 1992 ?
- (d) Mr. Gupta has transferred his shares in a listed company registered in his name to Mr. Patel. Due to his busy schedule, Mr. Patel has failed to get the shares registered in his name before the company declared and paid dividend on those shares. 4
- Examine with reference to the provisions of the Securities Contracts (Regulation) Act, 1956, whether Mr. Gupta is entitled to receive and retain the dividend even though he has transferred his shares before declaration of dividend.

2. (a) Examine the validity of the following appointments with reference to the provisions of the Companies Act, 2013 :
- (i) The Board of Directors of MNP Limited appointed Ms. Neha 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. Sheela on 30th June, 2014. 4
- Will your answer differ if the Board Meeting of the company was held on 8th November, 2014 ?
- (ii) LKG Limited was incorporated on 5th May, 2014 under the Companies Act, 2013. Mr. Ramanujam was appointed as the first Resident Director of the company in the Board Meeting held on 30th September, 2014. 4
- (b) (i) BUI 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 BUI Limited. 4
- (ii) Explain the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on the conditions for issue of 'Indian Depository Receipts'. 4

3. (a) The issued and paid up capital of MNC Limited is ₹ 5 crores consisting of 5,00,000 equity shares of ₹ 100 each. The said company has 500 members. A petition was submitted before the Company Law Board signed by 80 members holding 10,000 equity shares of the company for the purpose of relief against oppression and mismanagement by the majority shareholders. Examining the provisions of the Companies Act, 1956, decide whether the said petition is maintainable. Also explain the impact on the maintainability of the above petition, if subsequently 40 members, who had signed the petition, withdrew their consent. 8
- (b) (i) ABC 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 ABC Limited for its failure. 4
- (ii) Mr. Rohan, an Indian Resident individual desires to obtain Foreign Exchange for the following purposes : 4
- (A) US \$ 1,20,000 for studies abroad on the basis of estimates given by the foreign university.
- (B) Gift Remittance amounting US\$ 10,000.

Advise him whether he can get Foreign Exchange and if so, under what condition(s) ?

4. (a) The Board of Directors of PCM Limited desires to proceed for 8
voluntary winding up of the company and therefore is required to file
'Declaration of Solvency'. Referring to the provisions of the Companies
Act, 1956, answer the following :

- (i) What is meant by Declaration of Solvency ? Also state the contents of such declaration.
- (ii) What procedure is required to be followed by the company to give effect to such declaration ?
- (iii) What are the provisions of penalty, if the declaration of solvency is made by the directors without any reasonable grounds ?

(b) (i) Explain the concept of KMP (Key Managerial Person) as 4
introduced by the Companies Act, 2013. Explain the classes of
companies which are required to appoint whole time Key
Managerial Person under the provisions of the said Act.

(ii) Mr. Chetan retired as a member of the Competition Commission 4
of India (CCI) on 31st October, 2014. He was offered the post of
Chief Executive Officer in LCD Limited, which was earlier a
party in a proceeding before the CCI. Can Mr. Chetan join the
company with effect from 1st November, 2015 ?

What will be the position if Mr. Chetan joins MONA Limited, a
Government company with effect from 1st April, 2015, if MONA
Limited was also a party in a proceeding before the CCI ?

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5. (a) (i) Some changes in the particulars of a Director, who has already obtained a Director Identification Number have taken place. Now the Director wants to incorporate the changes in his DIN in the database maintained by the Central Government in this regard. Describe the procedure to be followed by the Director. 4
- (ii) Explain the meaning of 'Fraud' in relation to the affairs of a company and the punishment provided for the same in Section 447 of the Companies Act, 2013. 4
- (b) (i) Sewak Cycles Limited is a company incorporated four years ago. It has earned profits amounting ₹ 5 lakhs, ₹ 8 lakhs and ₹ 11 lakhs respectively during the last three financial years. The Board of Directors of the company propose to donate a sum of ₹ 50,000 to a political party. Examine with reference to the provisions of the Companies Act, 2013, whether the proposed donation is within the powers of the Board of Directors of the company. 4
- (ii) 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 four of the General Utility Services, that a bank may carry on. 4

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6. (a) (i) DHP Producer Company Limited, a producer company is having an average turnover of ₹ 7 crores in the last five years. Referring to the provisions of the Companies Act, 1956, answer the following : 4
- (A) Is it obligatory for the company to appoint a whole time secretary ?
- (B) What consequences will follow in case the company does not comply with the provisions in relation to the above ?
- (ii) Referring to the provisions of the Companies Act, 2013, answer the following : 4
- (A) Which companies are required to constitute a 'Nomination and Remuneration Committee' ?
- (B) What is the composition of the above committee ?
- (b) (i) 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. 4
- (ii) How a trial under the Prevention of Money Laundering Act, 2002 is conducted in Special Courts ? 4

7. Answer any four of the following :
- (a) A scheme provides for Amalgamation of PQL International Limited, a foreign company, with DHP Limited, an Indian company registered under the Companies Act, 1956. Referring to the provisions of the above Act, decide whether the scheme providing amalgamation of a foreign company as a transferor company can be sanctioned by the Court (NCLT). 4
- (b) JKL Research Development Limited is a registered Public Limited Company. The company has a unique business idea emerging from research and development in a new area. However, it is a future project and the company has no significant accounting transactions and business activities at present. The company desires to obtain the status of a 'Dormant Company'. Advise the company regarding the provisions of the Companies Act, 2013 in this regard and the procedure to be followed in this regard. 4
- (c) List out three matters on which an Auditor of a company has to express his views and comments in his report as per the Companies (Audit and Auditors) Rules, 2014. 4
- (d) Explain the composition and role of the 'Tariff Advisory Committee' under the provisions of the Insurance Act, 1938. 4
- (e) Explain the Rule of Reasonable Construction with regard to interpretation of statutes. 4