

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

NOTE : Answer SIX questions including Question No.1 which is compulsory.

1. Examine and comment on the following. Attempt **any five** :

- (i) It is the requirement of clause 49 of the listing agreement that there shall be a separate section on Corporate Governance in the annual report of a company.
- (ii) The Board of directors of Peters Systems Ltd. decided on 21st November, 2012 to pay an interim dividend of ₹2 per equity share of ₹10 each. The Board wants to pay the dividend on 25th December, 2012 on the occasion of Christmas.
- (iii) The issuer cannot make preferential issue of specified securities to any person who has sold any equity shares of the issuer during the one year preceding the relevant date.
- (iv) As per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the companies granting option to its employees pursuant to the scheme have the freedom to determine the exercise price.
- (v) A company having a paid-up capital of ₹1–5 crore is not required to employ a whole-time Company Secretary under the provisions of the Companies Act, 1956.
- (vi) The issuer for the issue of Indian Depository Receipts (IDRs) is required to satisfy certain conditions under chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (vii) Companies may not require fresh prior approval of the government for bringing in additional foreign investment into the entity in certain cases.

(4 marks each)

2. (a) Write the most appropriate answer from the given options in respect of the following :

- (i) The provisions of voting by postal ballot under section 192A of the Companies Act, 1956 are applicable to —
 - (a) All companies
 - (b) Public companies
 - (c) Listed public companies
 - (d) Public companies having paid-up capital of ₹5 crore or more.

- (ii) A poll demanded, except on a question of adjournment or the appointment of a Chairman, shall be taken —
- Within 72 hours
 - Within 48 hours
 - Within 24 hours
 - Forthwith.
- (iii) The terms 'List A' and 'List B' are related to —
- Contributories
 - Directors
 - Creditors
 - Section 25 companies.
- (iv) A and B are joint shareholders in a company. Nomination of these shares was made in favour of C. In the case of death of A, the shares will be transferred to —
- C
 - B
 - A's legal representative
 - Jointly to A's legal representative and B.
- (v) As per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the minimum number of prospective allottees in an initial public offer shall be —
- 100
 - 500
 - 1,000
 - 2,000.
- (vi) If a listed company has 11 directors, the minimum number of directors in the audit committee is —
- Two
 - Three
 - Four
 - Five.

(1 mark each)

- (b) Distinguish between the following :
- 'Redemption of preference shares' and 'redemption of debentures'.
 - 'FDI' and 'FII'.

(5 marks each)

3. (a) Bhola holds shares of different companies in physical form. He desires to convert them into dematerialised form. But before that he wants to be sure that holding and transfer of shares in dematerialised mode is safe. Advise Bhola about the safeguards available.

(6 marks)

- (b) Enumerate the important clauses to be covered in international joint ventures ?

(5 marks)

: 3 :

- (c) Prakash Ltd. held its annual general meeting for the year 2011-12 on 30th September, 2012. However, as the accounts were not ready, the meeting transacted all other businesses except adoption of accounts and adjourned the meeting to 16th December, 2012 for consideration of accounts. The Registrar of Companies issued show cause notice to the company for violation of section 210 of the Companies Act, 1956. Advise the company.
(5 marks)
4. (a) The Board of directors of Snow Ltd. intends to borrow a sum of ₹100 crore from a financial institution. The borrowing was duly approved at a Board meeting. One of the directors had opposed the said borrowing being not in the interest of the company and had raised an issue that the said borrowing was beyond the powers of the Board of directors. The company seeks your advice about the borrowing limits and compliances required with the provisions of the Companies Act, 1956.
(6 marks)
- (b) The articles of association of Excellent Results Ltd. provide that a meeting of the Board of directors shall be held at 2.00 PM on the last Friday of every quarter ending on 30th June, 30th September, 31st December and 31st March every year. Relying on the said provisions, the company did not send notices to the directors in respect of a Board meeting held on Friday, the 28th December, 2012. Some of the directors have questioned the validity of the Board meeting on the ground that separate notices have not been sent to directors. Advise the Chairman.
(5 marks)
- (c) Prepare a check-list for compliance certificate regarding transfer of unpaid amounts to the Investor Education and Protection fund.
(5 marks)
5. (a) Explain the requirements of clause 40A of the listing agreement. State the various methods available to a listed company to comply with the said clause. Also state the consequences of non-compliance of the said clause.
(12 marks)
- (b) Advise your client with reference to the relevant provisions of the Companies Act, 1956 on the following aspects :
- Can the Board of directors commence a new business not germane to its existing business in a case where the Board has obtained the approval of the shareholders by an ordinary resolution ?
 - Whether the constitution of an audit committee for an unlisted company is necessary ?
(2 marks each)
6. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- If the Board of directors fail to call an extraordinary general meeting on requisition, the meeting may be held by the requisitionists themselves before the expiry of _____ from the deposit of requisition.

- (ii) At least _____% of the post issue paid-up capital has to be contributed by the promoters.
- (iii) Under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 'specified securities' means equity shares and _____ securities.
- (iv) The merger of parent company with its subsidiary is called _____ merger.
- (v) Minimum application amount in an Indian Depository Receipts (IDRs) issue is ₹ _____.
- (vi) No approval shall be necessary from _____ for a foreign company to establish a branch/unit in special economic zone to undertake manufacturing and service activities subject to specified conditions.

(1 mark each)

- (b) Depository service provider companies (NSDL/CDSL) require internal and concurrent audit of operations of the depository participants. State the objectives behind such audits.

(5 marks)

- (c) X Ltd., an Indian company is contemplating to set-up a joint venture in association with Ramesh, an NRI to establish business activity in India involving intellectual property assets. What due diligence is required to be carried out for this purpose ?

(5 marks)

7. (a) Explain the compliances required with regard to **any two** of the following :

- (i) Register of investments
- (ii) Issue of sweat equity shares
- (iii) Deposit of contributions to provident fund.

(4 marks each)

- (b) Write notes on the following. Attempt **any two** :

- (i) American Depository Receipts (ADRs)
- (ii) Penalty for non-compliance of listing agreement
- (iii) Legal due diligence.

(4 marks each)

8. Critically examine and comment on **any four** of the following :

- (i) Whenever a corporate action is announced, the company should inform the depositories after the date of communication of the same to the relevant stock exchange(s).
- (ii) Parties often seek out a joint venture arrangement because of the benefits it offers.
- (iii) Share transfer form must be lodged with a company within the prescribed time limit together with related documents in compliance with section 108 of the Companies Act, 1956.
- (iv) Corporate compliance management can add substantial business value only if compliance is done with due diligence.
- (v) 'Hostile takeover' versus 'friendly takeover'.

(4 marks each)