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 answers in Hindi will not be valued.

Question No. 1 is compulsory.

Attempt any five questions from the remaining six questions.

1. (a) The paid up capital of Western Zone Insurance Limited is ₹ 7 crore. Point out whether the said company is required to file Balance Sheets and Profit and Loss Account along with Director's and Auditor's Report for the year 2011-12 by using the XBRL taxonomy under the Companies Act, 1956?

(b) The Board of Directors of Nimbahera Chemicals Limited propose to transfer more than 10% of the profits of the company to the reserves for the current year. Advise the Board of Directors of the said company explaining the relevant provisions of the Companies Act, 1956 and the rules thereunder.

(c) A meeting of members of Jaora Agricultural Equipment Limited was convened under the orders of the Court for the purpose of considering a scheme of compromise and arrangement. The meeting was attended by 200 members holding 5,00,000 shares. 70 members holding 4,00,000 shares in the aggregate voted for the scheme. 120 members holding 90,000 shares in aggregate voted against the scheme. 10 members holding 10,000 shares abstained from voting. Examine with reference to the relevant provisions of the Companies Act, 1956 whether the scheme was approved by the requisite majority?
(d) The Securities and Exchange Board of India issued an order against a stock broker to redress the grievances of the investors within the stipulated time. The stock broker failed to do so, which is an offence under the provisions of the Securities Contracts (Regulation) Act, 1956. Decide:

(i) Whether the offence committed by the stock broker is compoundable? If so, by whom?
(ii) Whether this offence can be compounded after institution of proceedings against the stock broker?

2. (a) Neemuch Pharma Limited having an “Effective Capital” of ₹ 4 crore as on 31st March, 2012 raised ₹ 2 crore by way of issue of right shares in May, 2012 during the current Financial Year 2012-2013. The company is managed by Mr. Chandrasekhar, the Managing Director, and he is getting a minimum remuneration of ₹ 80,000 per month. The company proposes to appoint two whole-time Directors in July, 2012 on a consolidated minimum salary of ₹ 60,000 per month to each of them.

What is the “Effective Capital” for the purpose of determining the minimum remuneration payable to the proposed Whole-time Directors? State the requirements to be complied with under Schedule XIII to the Companies Act, 1956 to give effect to the proposed appointments.

(b) Pipliya Powders Limited has four Directors. A Board meeting was convened. It was attended by two Directors only and they appointed Mr. Soorajbhan who was related to both of them, as an Additional Director. Decide, whether the said appointment is valid under the provisions of the Companies Act, 1956?

Draft a “Board Resolution” for appointment of a person as an Additional Director in a public company.
3. (a) Examine the validity of the following appointments with reference to the provisions of the Companies Act, 1956:

(i) Yashodharman Granites Limited reappointed Suresh & Company, a firm of Chartered Accountants, as auditors of the company at the Annual General Meeting held on 30th September, 2011. The wife of one of the partners of Suresh & Company acquired large number of equity shares in Yashodharman Granites Limited on 5th October, 2011. But Suresh & Company continue to function as statutory auditors of the company.

(ii) Dalauda Cement Limited appointed CA Naresh as statutory auditor of the company at the Annual General Meeting held on 30th September, 2010. The next Annual General Meeting was held on 30th September, 2011 but it was adjourned to 30th November, 2011 for consideration of the accounts for the year ended 31st March, 2011. CA Naresh continued to function as statutory auditor of the company even though a new auditor was appointed in his place at the Annual General Meeting held on 30th September, 2011.

(b) Shyamgarh Chemicals Limited, a listed company, having a paid-up equity share capital of ₹ 80 crore and net worth of ₹ 120 crore as on 31st March, 2012 proposes to raise funds to finance its expansion programme by issue of equity shares under the "Qualified Institutions Placement Scheme."

Answer the following with reference to the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

(i) What are the conditions to be satisfied by the company so that it can make Qualified Institutions Placement?
(ii) What is the maximum amount that can be raised by the company under the proposed issue of shares?

(iii) What are the restrictions, if any, with regard to pricing of issue and transferability of shares by qualified institution buyers?

4. (a) The Board of Directors of PQR Steel Limited propose to make the following appointments:

(i) ‘S’, son of ‘P’, a Director of the said company, is proposed to be appointed as Managing Director of the company on a monthly remuneration of ₹ 75,000.

(ii) ‘D’, daughter of ‘Q’, another Director of the said company, is proposed to be appointed as Accounts Manager on a salary of ₹ 60,000 per month.

(iii) ‘B’, brother of ‘R’, another Director of the said company is proposed to be appointed as Purchase Manager in PQR Forgings Limited, a subsidiary of PQR Steel Limited on a salary of ₹ 60,000 per month.

Explain the legal requirements under the Companies Act, 1956 to be complied with by the company to give effect to the proposed appointments.

(b) The Managing Director of a large public company confessed that he was responsible for manipulation of the accounts and window dressing of the published accounts of the company. In view of this, the Central Government proposes to appoint its nominees as Directors of the company. Explain briefly the powers of the Central Government under the Companies Act, 1956 to appoint its nominees as Directors of a company to prevent oppression or mismanagement and the role of the Central Government with regard to the affairs of such a company.
5. (a) Explain the term “Overriding Preferential Payments” under the provisions of the Companies Act, 1956. ABC Limited is being wound-up by the Court. The official liquidator has realised ₹ 100 lakh by selling the land and buildings mortgaged by the company in favour of its bankers. The company owes ₹ 200 lakh to the bank. The bank has claimed that the amount realised by sale of land and buildings must be paid in full to it in preference to the workmen’s dues to the extent of ₹ 50 lakh. Examine the Bank’s claim with reference to the provisions of the Companies Act, 1956.

(b) Mr. Jhameshwar was working as Manager in a banking company. The Reserve Bank of India removed Mr. Jhameshwar on the ground that his conduct was detrimental to the interests of the depositors. Decide whether the Reserve Bank of India has power to remove the said Manager under the provisions of the Banking Regulation Act, 1949. What remedies are available to Mr. Jhameshwar against his removal under the provisions of the said Act?

6. (a) A producer company proposes to amend the objects specified in its Memorandum of Association and certain provisions in its Articles of Association. The Company also proposes to shift its registered office from the State of Kerala to Tamil Nadu. Explain the requirements under the provisions of the Companies Act, 1956 to give effect to these proposals.
(b) The Directors of a public company received a show cause notice from the Registrar of Companies for violation of Section 295 of the Companies Act, 1956. State whether the said offence is compoundable under the said Act. Is it possible for a person to apply for compounding of offence even after prosecution has been launched? Whether penalty paid in respect of compounding of an offence will be treated as a disqualification under Part I of Schedule XIII to the Companies Act, 1956 requiring approval of the Central Government for the appointment of such person as a Managing Director of a public company?

7. Attempt any four:

(a) Mrs. Chandra, a resident outside India, is likely to inherit from her father some immovable property in India. Are there any restrictions under the provisions of the Foreign Exchange Management Act, 1999 in acquiring or holding such property? State whether Mrs. Chandra can sell the property and repatriate outside India the sale proceeds.

(b) The Central Government, without referring the matter to the Supreme Court of India for inquiry, removed a member of the Competition Commission of India on the ground that he has become physically or mentally incapable of acting as a member. Decide, under the provisions of the Competition Act, 2002, whether removal of the member by the Central Government is lawful?
(c) Mr. Fraudulent has been arrested for a cognizable and non-bailable offence punishable for a term of imprisonment for more than three years under the Prevention of Money Laundering Act, 2002. Advise, as to how can he be released on bail in this case?

(d) A life insurance policy, in favour of Kamal Kumar, came into force on 1st February, 2009. In January, 2012 the insurer came to know that there was a mis-statement in the proposal for insurance regarding the age of the nominee. Decide, under the provisions of the Insurance Act, 1938, whether the said insurance policy can be called in question?

(e) Briefly explain the meaning and application of the rule of “Harmonious Construction” in the interpretation of statutes.