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SCANNER™ Appendix

CS Executive Programme

Module-II June - 2009

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PAPER'S

Paper - 4 : Company Law

Chapter - 2 : Incorporation and its consequence-I Types of Companies

2009 - June [1] {C} Comment on the following :

- (i) An unlimited company is a company not having any limit on the liability of its members. (5 marks)

Chapter - 4 : Incorporation and its Consequences-III Memorandum of Association and Articles of Association

2009 - June [4] Write short notes on the following :

- (i) Doctrine of *ultra vires*.
(ii) Doctrine of constructive notice (4 marks each)

Chapter - 8 : Financial structure and Membership-III Prospectus

2009 - June [4] Write short notes on the following :

- (iii) Red-herring prospectus (4 marks)

Chapter - 10 : Financial structure and Membership-V Creation and Registration of Charges

2009 - June [1] {C} Comment on the following :

- (ii) A company can mortgage or charge any part of its 'reserve capital'. (5 marks)

2009 - June [5] (a) What is 'floating charge' ? When does it crystallise ? What is effect of crystallisation of a floating charge ? (8 marks)

Chapter - 12 : Financial Structure and Membership - VII Membership in a Company

2009 - June [3] (a) In what manner 'membership' in a company can be sought ? (8 marks)

Chapter - 14 : Management and Control of Companies-I Institution of Directors

2009 - June [1] {C} Comment on the following :

- (iii) There is no statutory requirement that a director must hold qualification shares in the company in which he is a director.

(5 marks)

2009 - June [3] (b) What are the modes in which a director of a company can be appointed ? (8 marks)

2009 - June [4] Write short notes on the following :

- (iv) Managerial remuneration (4 marks)

Chapter - 16 : Management and Control of Companies-III Managing Director, Whole-Time Director and Manager

2009 - June [8] (a) A managing director of a company stood as surety for the repayment of loan taken by it for which he was paid guarantee commission. Does this commission amount to managerial remuneration ? Support your answer with decided case law, if any. (5 marks)

(b) A whole-time director of a company made an invention during the course of his employment with the company. He patented the invention in his own name and appropriated the benefits to himself. Can he do so ? Cite case law, if any. (5 marks)

Chapter - 18 : Management and Control of Companies-V Meeting

2009 - June [1] {C} Comment on the following :

- (iv) Statutory meeting can be held at any time and place as suited to the company. (5 marks)

2009 - June [8] (c) Articles of association of a company reserved the powers for calling the annual general meeting. The managing director of the company, without reference to the Board, called an annual general meeting. Is the annual general meeting validly called ? If not, what should be done to make it valid ? Discuss with reference to case law, if any. (6 marks)

Chapter - 20 : Deposits

2009 - June [1] {C} Comment on the following :

- (v) Provisions of section 58 A are not applicable to guarantee companies and section 25 companies (i.e., associations not for profit).

(5 marks)

Chapter - 22 : Divisible Profits and Dividends**2009 - June [4]** Write short notes on the following :

- (v) Interim dividend. (4 marks)

Chapter - 27 : An Introduction to E-Governance**2009 - June [7]** (b) Briefly explain the following terms used under e-filing-

- (i) Pre-fill
(ii) Attachment
(iii) Check form
(iv) Pre-scrutiny. (2 marks each)

Chapter - 28 : Objective Question**2009 - June [2]** (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s):

- (i) Without the consent of the general meeting, the Board of directors can borrow money subject to a maximum of _____.
- (ii) A _____ though entitled to attend a general meeting and vote on a poll, but cannot participate in the discussion.
- (iii) Besides making investment and loans, a company can also provide _____ and security to another company.
- (iv) A sole buying agent who holds a beneficial interest of 5% or Rs. _____ or more in the shares in a company can be appointed only by passing a special resolution and prior approval of the Central Government.
- (v) A promoter can earn profit out of sale of his own property to the company by making _____, otherwise he has to account for the profits to the company.
- (vi) An issue of debentures by a listed public company needs to maintain post-issue debt equity ratio of 2 : 1 as per _____.
- (vii) Allotment of shares in a public issue without receiving minimum subscription amounts to _____.
- (viii) A member cannot ask for inspection of minutes of _____.

(1 mark each)

2009 - June [2] (b) Choose the most appropriate answer from the given options in respect of the following :

- (i) A company is –
(a) A voluntary association for profit
(b) A compulsory association for profit
(c) A statutory association for profit
(d) None of the above.

- (ii) A private company need not hold –
 - (a) Extra-ordinary general meeting
 - (b) Statutory meeting
 - (c) Annual general meeting
 - (d) Board meeting.
- (iii) As per section 252(2), a private company cannot have less than –
 - (a) 3 Directors
 - (b) 2 Directors
 - (c) 5 Directors
 - (d) 7 Directors.
- (iv) Who cannot become a member of a company –
 - (a) Company as a member of another company
 - (b) Foreigner
 - (c) Trade union
 - (d) Partnership firm.
- (v) Section 125 requires a company to file prescribed particulars of charge after the date of creation of a charge with the Registrar of Companies within –
 - (a) 30 Days
 - (b) 60 Days
 - (c) 90 Days
 - (d) None of the above.
- (vi) Change of registered office of a company from one city to another city in the same State but falling under the jurisdiction of two Registrars of Companies is required to be approved by the –
 - (a) Central Government
 - (b) Registrar of Companies
 - (c) Regional director
 - (d) Company Law Board.
- (vii) A public company can be converted into a private company only after the approval of the –
 - (a) High Court
 - (b) State Government
 - (c) Central Government
 - (d) Company Law Board.
- (viii) As per the Companies Act, 1956, the types of resolutions to be passed by the shareholders are –
 - (a) 5
 - (b) 4

- (c) 2
(d) 3 (1 mark each)

2009 - June [6] (a) State, giving reasons in brief, whether the following statements are correct or incorrect :

- (i) Auditor of a government company is appointed or re-appointed by the Central Government on the advice of Comptroller and Auditor General of India (CAG).
(ii) Joint-holders of shares in a public company are not a single member.
(iii) In case of forged, illegal or void *ab-initio* transactions, the doctrine of 'indoor management' protects an outsider.
(iv) DIN is a unique identification number and once obtained is valid for life time of a director. (2 marks each)

New Chapter

2009 - June [6] (b) List out the various registers required to be maintained statutorily under the Companies Act, 1956. (8 marks)

2009 - June [5] (b) What are the salient features of limited liability partnership (LLP) ? (8 marks)

2009 - June [7] (a) Briefly explain the various modes of winding-up of a company. (8 marks)

Paper - 5 : Economic and Labour Laws

Chapter - 1 : Industries Development and Regulation

2009 - June [3] (a) Distinguish between the following :

- (ii) 'COB licence' and 'industrial licence'. (5 marks)

Chapter - 2 : Foreign Trade Policy and Procedures

2009 - June [1] {C} With reference to the relevant legal enactments, write short notes on the following :

- (ii) Exempted categories under the importer-exporter code (IEC) number (3 marks)

Chapter - 3 : Trade Competition & Consumer Protection

2009 - June [1] {C} With reference to the relevant legal enactments, write short notes on the following :

- (i) Deficiency in service
(iv) Anti-competitive agreements
(v) Minimum resale price maintenance (3 marks each)

2009 - June [4] (c) The insured (since deceased) had taken out four life policies with double accident benefits, premium payable half-yearly. When the third premium fell due, an agent of the insurer met the insured and took a bearer cheque towards the premium payable by him in respect of the policies. Although, the cheque was encashed immediately, it was not deposited with the insurer for 3 months. In the meantime, the insured met with a fatal accident and died. The widow filed a claim for payment of the sum assured. The insurer pleaded that the insurance agent had no implied authority to collect the premium. Will the widow succeed in her claim? (5 marks)

Chapter - 4 : Essential Commodities and Standards of Weight and Measures

2009 - June [1] {C} With reference to the relevant legal enactments, write short notes on the following :

- (vii) Principal display panel. (3 marks)

2009 - June [3] (a) Distinguish between the following :

- (i) 'Seizure' and 'confiscation' under the Essential Commodities Act, 1955. (5 marks)

Chapter - 5 : Management of Foreign Exchange Transactions

2009 - June [5] (a) What are the restrictions on the acceptance of foreign contribution by organisations of political nature under the Foreign Contributions (Regulation) Act, 1976? (5 marks)

(c) With reference to the relevant provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, advise on the following :

- (i) ABC Ltd., a company listed on the National Stock Exchange Ltd., is interested in investing in a company in the USA.
- (ii) Ram, an NRI resident in Nepal, is interested to invest in shares and convertible debentures of an Indian company.
- (iii) A foreign investor wants to invest in an Indian company which is a small scale industrial unit.
- (iv) Brown, a UK citizen, is interested to make investment in the form of foreign direct investment (FDI) in retail trading business.
- (v) XYZ Ltd., a company listed on the Bombay Stock Exchange Ltd., wants to issue shares under the Employees Stock Option Scheme (ESOP) to the employees of its joint venture abroad. (1 mark each)

Chapter - 6 : Pollution Control and Environmental Protection

2009 - June [5] (b) Write a note on regulatory framework for environmental protection in India. (5 marks)

Chapter - 7 : Management of Intellectual Property Rights

2009 - June [1] {C} With reference to the relevant legal enactments, write short notes on the following :

- (vi) Contents of complete specification (3 marks)

2009 - June [3] (a) Distinguish between the following :

- (iii) 'Invention' and 'patentable invention' under the Patents Act, 1970. (5 marks)

2009 - June [4] (a) What are the circumstances under which a registered trade mark is deemed to be infringed under the Trade Marks Act, 1999. (5 marks)

Chapter - 8 : Prevention of Money Laundering

2009 - June [1] {C} With reference to the relevant legal enactments, write short notes on the following :

- (iii) Know your customer (KYC) guidelines (3 marks)

2009 - June [4] (b) Write a note on global initiatives in the prevention of money laundering. (5 marks)

Chapter - 9 : Minimum Wages Act, 1948

2009 - June [6] Write notes on the following :

- (ii) 'Methods of fixing and revising minimum rates of wages' under the Minimum Wages Act, 1948. (5 marks)

Chapter - 10 : Payment of Bonus Act, 1965

2009 - June [6] Write notes on the following :

- (iii) Object and scope of the Payment of Bonus Act, 1965. (5 marks)

Chapter - 13 : Employees' State Insurance Act, 1948

2009 - June [6] Write notes on the following :

- (i) 'Dependent' under the Employees' State Insurance Act, 1948. (5 marks)

2009 - June [8] Attempt the following stating relevant legal provisions and decided case law, if any :

- (i) Muskan Theatre is maintaining a canteen and a cycle stand through private contractors. Regional Director, ESI Corporation sent notices to the management of the theatre for contribution of the employees engaged in the canteen and cycle stand. The management contends that they are not employees but are the workmen of the contractor. Hence, the management is not liable. Will the management succeed in its contention?
- (iv) An employer failed to pay his contribution under the Employees' State Insurance Act, 1948. After 6 years, the ESI Corporation issued a demand notice for payment of arrears of contribution. The employer contended that the arrears of contribution beyond 5 years are not recoverable. Will the employer succeed? (4 marks each)

Chapter - 14 : Workmen's Compensation Act, 1923

2009 - June [8] Attempt the following stating relevant legal provisions and decided case law, if any :

- (ii) Rajat, a workman in a factory, had no vision in his left eye but the defect was not visible. Later, during welding operations, accidentally, a spark hit his blind eye. He lost his eye-ball and the blindness became visible. Though, there was no physical disability, he lost his employment because the defect became visible. Has the accident caused any disablement? Is the employer liable to pay any compensation ?
- (vii) Rohit lost his mental balance as a result of an injury by accident and committed suicide. Is the employer liable to pay compensation under the Workmen's Compensation Act, 1923? (4 marks each)

Chapter - 15 : Contract Labour Act, 1970

2009 - June [6] Write notes on the following :

- (iv) 'Obligations of the principal employer' under the Contract Labour (Regulation and Abolition) Act, 1970 (5 marks)

Chapter - 16 : Industrial Disputes Act, 1947

2009 - June [6] Write notes on the following :

- (v) Principles laid down by the Supreme Court with regard to retrenchment under the Industrial Disputes Act, 1947. (5 marks)

2009 - June [7] (a) Distinguish between the following :

- (i) 'Lay-off' and lock-out' under the Industrial Disputes Act, 1947.
- (ii) 'Arbitration' and 'adjudication' of disputes under the Industrial Disputes Act, 1947. (5 marks each)

2009 - June [8] Attempt the following stating relevant legal provisions and decided case law, if any :

- (iii) The workman of Bharat Chemicals went on go-slow strike to compel the management to concede to their demands. The management contended that go-slow is a serious misconduct and initiated disciplinary action against the erring workmen. Is the action of the management justified?
- (v) Anil, a workmen raised an industrial dispute contending that he was employed with effect from 1st April, 1986 on regular basis and his services were illegally terminated on 12th February, 1994. The employer took the stand that the workman was engaged on casual basis on daily wages for a specific period and for the specific work and that his services were not terminated on 12 th February, 1994 but he had abandoned his job. The employer did not produce attendance record before the Labour Court and also failed to prove that the workman had

worked for less than 240 days. The workman alleged violation of the provisions of the Industrial Disputes Act, 1947 relating to retrenchment. Will he succeed? (4 marks each)

Chapter - 18 : Factories Act, 1948

2009 - June [6] Write notes on the following :

- (vi) 'Occupier' under the Factories Act.- 1948. (5 marks)

2009 - June [7] (a) Distinguish between the following :

- (iii) 'Young person' and 'adult' under the Factories Act, 1948. (5 marks)

2009 - June [8] Attempt the following stating relevant legal provisions and decided case law, if any :

- (vi) Ghee brought from various customers is sampled chemically, analysed and packed in tins for transportation to the head office of the company for sale in the market. Does it amount to manufacturing process under the Factories Act, 1948? (4 marks)

Chapter - 19 : Objective Questions

2009 - June [2] State, giving reasons in brief, whether the following statements are true or false. Attempt *any five* :

- (i) In case an EOU fails to achieve its export obligations, it shall be liable to pay penalty at the time of exit.
- (ii) A person resident outside India can sell the shares and convertible debentures of an Indian company to whomsoever he wants.
- (iii) 'Goods' means every kind of movable property other than actionable claims and includes stock and shares even before allotment.
- (iv) Tea is a 'food stuff' and hence constitutes an essential commodity under the Essential Commodities Act, 1955.
- (v) An association pursuing a definite cultural, economic, educational, religious or social programme can receive foreign contribution without any limits.
- (vi) The provisions contained in the Special Economic Zones Act, 2005 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

(3 marks each)

2009 - June [3] (b) Choose the most appropriate answer from the given options in respect of the following :

- (i) Under the Consumer Protection Act, 1986, the limitation period for filing a complaint from the date of cause of action is -
 - (a) 60 days
 - (b) 6 months
 - (c) 1 year
 - (d) 2 years.

- (ii) The amount representing the full export value of goods is required to be realised and repatriated in India within –
- (a) 6 months
 - (b) 3 months
 - (c) 1 year
 - (d) 2 years.
- (iii) The issue of Foreign Currency Convertible Bonds (FCCBs) in any financial year is subject to a ceiling of –
- (a) Rs. 50 crore
 - (b) US \$ 500 million
 - (c) Rs. 100 crore
 - (d) US \$ 1 million.
- (iv) A registered trade mark requires to be renewed on expiry of the period of –
- (a) 7 years
 - (b) 10 years
 - (c) 14 years
 - (d) 5 years.
- (v) Foreign direct investment (FDI) is prohibited in –
- (a) Infrastructure sector
 - (b) Hospitals
 - (c) Retail trade
 - (d) IT sector.
- (1 mark each)

2009 - June [7] (b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figures (s) :

- (i) Minimum _____ years of contributory service is required for entitlement of pension under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- (ii) It is mandatory to register an establishment under the Contract Labour (Regulation and Abolition) Act, 1970 in case it employs _____ labour through a contractor.
- (iii) A factory is required to appoint a welfare officer where _____ workers are ordinarily employed.
- (iv) The 'employer of an industrial establishment having 100 or more employees is required to submit draft standing orders within _____ months from the date on which the Industrial Employment (Standing Orders) Act, 1946 becomes applicable.
- (v) Contracting out of compensation by a workman under an agreement shall be _____.
- (1 mark each)

2009 - June [7] (c) Choose the most appropriate answer from the given options in respect of the following.

- (i) The appropriate government shall revise the minimum rates of wages under the Minimum Wages Act, 1948 at least once in every –
 - (a) 2 years
 - (b) 3 years
 - (c) 4 years
 - (d) 5 years
- (ii) The disputes relating to benefits under the Employees' State Insurance Act, 1948 are required to be filed in –
 - (a) Civil Court
 - (b) Employees' Insurance Court
 - (c) Labour Court
 - (d) Industrial Tribunal.
- (iii) An employee is entitled to receive bonus provided he has worked in an accounting year in the establishment for not less than –
 - (a) 30 working days
 - (b) 1 year
 - (c) 8 months
 - (d) 4 months.
- (iv) An employer is not liable to pay compensation under the Workmen's Compensation Act, 1923, if the injury does not result in disablement for a period exceeding –
 - (a) 1 week
 - (b) 3 days
 - (c) 1 month
 - (d) 6 months.
- (v) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is applicable to commercial establishments employing –
 - (a) 10 or more employees
 - (b) 20 or more employees
 - (c) 50 or more employees
 - (d) 100 or more employees. (1 mark each)

Paper - 6 : Securities Laws and Compliances
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Chapter - 1 : An Overview of Legal & Regulatory Framework

2009 - June [3] (a) Write short notes on the following :

- (ii) Securities Appellate Tribunal (2 marks)

Chapter - 2 : Capital Market Instruments and Rating

2009 - June [2] (a) Distinguish between the following :

- (i) 'French auction' and 'Dutch auction'. (4 marks)

2009 - June [3] (a) Write short notes on the following :

- (i) Dual option warrants
(iv) Hybrid instrument
(v) Exchange traded fund (2 marks each)

2009 - June [4] (b) Briefly discuss the guidelines for issue of commercial paper. (4 marks)

2009 - June [5] (a) Explain the following terms related to capital market :

- (i) Incubators
(ii) Angel investors
(iii) Private equity players. (2 marks each)

2009 - June [5] (b) Ajay purchases 8.4% Government of India Bond, 2018 of face value of Rs. 20 lakh @ Rs. 102.50 for every unit of security having face value of Rs. 100. The settlement is due on 13th October, 2009. What is the amount to be paid by Ajay ? (Assuming that interest is payable on 13th May and 13th November every year). (5 marks)

Chapter - 3 : Capital Market Intermediaries

2009 - June [4] (a) What action lies against SEBI registered intermediaries in case of default/ violation under the SEBI Act, 1992? (4 marks)

2009 - June [5] (c) Discuss the regulatory framework governing primary market intermediaries. (4 marks)

Chapter - 4 : Secondary Market Institutions

2009 - June [2] (a) Distinguish between *any two* of the following :

- (ii) 'Cut off yield' and 'cut off price'.
(iii) 'Initial margin' and 'maintenance margin'. (4 marks each)

Chapter - 5 : Credit Rating

2009 - June [4] (d) Explain the following credit rating symbols -

- (i) ER1A
(ii) ER1C
(iii) M1. (1 mark each)

Chapter - 7 : Venture Capital

2009 - June [3] (b) Explain the procedure for grant of registration certificate to venture capital fund by SEBI and effect of refusal to grant the certificate. (4 marks)

Chapter - 9 : Buy Back of Securities

2009 - June [2] (b) "Certain securities are not available to a company for buy-back." Explain. (4 marks)

2009 - June [3] (a) Write short notes on the following :

- (iii) Escrow account (2 marks)

Chapter - 10 : Depository System

2009 - June [3] (c) Explain the term 'demat'. State the benefits of demat securities. (3 marks)

Chapter - 12 : Public Issue of Securities

2009 - June [6] (c) Write a note on 'due diligence' in the process of public issue of securities. (5 marks)

2009 - June [7] (b) What are the disclosures in the Director's Report as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999? (5 marks)

(c) Explain the procedure of bidding in book building issue. (5 marks)

2009 - June [8] (c) Discuss the various formalities to be complied with for the issue of bonus shares under the SEBI (Disclosure and Investor Protection) Guidelines, 2000. (10 marks)

Chapter - 13 : Resource Mobilisation in International Capital Market

2009 - June [7] (a) What do you understand by 'offering circular' for Euro-issue? Mention any five aspects which should be covered in the offering circular. (5 marks)

(d) Discuss the approvals required from various authorities in issuance of GDRs and FCCBs. (5 marks)

2009 - June [8] (b) Discuss the end use of external commercial borrowings under approval route. (5 marks)

Chapter - 14 : Indian Depository Receipts

2009 - June [6] (a) What is Indian Depository Receipt (IDR)? What are eligibility criteria for issue of IDRs? (5 marks)

(b) What is 'price stabilization fund'? (5 marks)

(d) State the powers and functions of the 'Ombudsman' under the SEBI (Ombudsman) Regulations, 2003. (5 marks)

2009 - June [8] (a) "SEBI expects the investors to make investments with their eyes and ears open." Comment. (5 marks)

Chapter - 15 : Objective Questions

2009 - June [1] {C} (a) State, with reasons in brief, whether the following statements are true or false :

- (i) 'Derivatives' are contracts which do not derive their value from any assets.

- (ii) Trustees are required to disclose the basis of calculation of repurchase price and NAV of various schemes of mutual fund.
- (iii) Participatory notes are derivative instruments.
- (iv) 'Underwriter' means a person who engages in the business of selling of an issue of securities of a body corporate.
- (v) The collective investment management company is not permitted to launch any scheme for the purpose of investing in securities.

(2 marks each)

2009 - June [1] {C} (b) Choose the most appropriate answer from the given options in respect of the following :

- (i) A company cannot buy-back the securities from –
 - (a) Free reserves
 - (b) Securities premium account
 - (c) Borrowed money
 - (d) Proceeds of fresh issue.
- (ii) Duration of future contract on NSE is –
 - (a) One month
 - (b) Two months
 - (c) Three months
 - (d) Six months.
- (iii) Certificate of deposits are issued in the form of –
 - (a) Bill of exchange
 - (b) Usance bill of exchange
 - (c) Usance promissory notes
 - (d) Term deposit.
- (iv) Venture capital funds are regulated by –
 - (a) RBI
 - (b) SEBI
 - (c) Stock exchange
 - (d) Ministry of Corporate Affairs.
- (v) FCCBs are unsecured and carry interest at –
 - (a) Variable rate
 - (b) Fixed rate
 - (c) Floating rate
 - (d) Not determined

(1 mark each)

2009 - June [2] (c) Expand the following :

- (i) FCCB
- (ii) CIS
- (iii) SPN.

(1 mark each)

Shuchita Prakashan (P) Ltd.

25/19, L.I.C. Colony, Tagore Town,
Allahabad - 211002

Visit us : www.shuchita.com

