"जय साई राम"

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Roll No.[redacted]....

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 8 *Total number of printed pages : 4*

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

2. All references to sections relate to the Companies Act, 1956 unless stated otherwise.

1. Draft ***any four*** of the following :

(i) A Board resolution for appointment of 'occupier' of a factory premises.

(ii) A resolution to get exemption from the Central Government under section 212(8).

(iii) A notice under section 640B for the Central Government's approval to increase remuneration of the managing director.

(iv) A resolution for approval of annual accounts.

(v) A resolution for appointment of a relative of a director carrying a monthly remuneration of Rs.60,000.

(5 marks each)

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

(i) On incorporation of a company, the Registrar of Companies in addition to the certificate of incorporation, issues a unique identification number called —

(a) Unique corporate number

(b) Corporate identification number

(c) Company identification number

(d) Unique identification number.

(ii) The appointment of a statutory auditor under section 224A is with reference to 25% of —

(a) Paid-up capital

(b) Issued capital

(c) Subscribed capital

(d) Only equity capital.

(iii) Non-executive directors of a public company may get remuneration on quarterly basis if such basis of payment is approved by/under.—

(a) Articles of association of the company

(b) General meeting of the company

(c) Central Government

(d) Schedule XIII to the Companies Act, 1956.

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(iv) Annual return of a company having share capital is to be filed with the Registrar of Companies in e-form —

(a) 20A

(b) 20B

(c) 25A

(d) 25B.

(v) On striking off the name of a company considered defunct, the Registrar of Companies is required to —

(a) Publish notice thereof in the official gazette

(b) Inform the State Government

(c) Inform the Central Government

(d) Inform the Ministry of Corporate Affairs.

(vi) A member of the ICSI in practice shall be deemed to be guilty of professional misconduct if he issues compliance certificates/signs annual returns in aggregate in a calendar year for more than —

(a) 20 Companies

(b) 50 Companies

(c) 80 Companies

(d) 100 Companies.

(1 mark each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

(i) Form 23AA relating to keeping of books of account at a place other than the registered office is required to be filed within ________ days with the Registrar of Companies.

(ii) Approval of the ________ is required to be taken for changing the name of the company under section 21.

(iii) A copy of the order passed by the Company Law Board is required to be filed with the Registrar of Companies in e-form No. ________.

(iv) It is the situation of the ________ of the company that decides the jurisdiction of the court in that company's matters.

(v) ________ policy adopted by a company is to prevent the misuse of confidential information in the context of insider trading.

(vi) On the basis of the report of the ________, the Central Government may appoint a competent person as inspector under section 235(1).

(1 mark each)

(c) What is directors' responsibility statement ?

(4 marks)

3. (a) Bring out the distinctive features of the following :

   (i) 'Charge', 'mortgage' and 'pledge'.

   (ii) 'Adjournment' and 'postponement' of a meeting.

   (3 marks each)

   (b) State, with reasons in brief, whether the following statements are correct or incorrect :

   (i) An article in the articles of association can be amended by the members of the company by passing a special resolution.

   (ii) A company may get exemption from the provisions of section 212.

   (iii) The eligibility criteria to apply for seeking relief under section 397, etc., *inter alia*, provide for holding not less than 20% of the issued share capital of the company.

   (iv) No stamp duty on transfer of shares in electronic form (demat mode) is payable.

   (v) It is mandatory to constitute audit committee in all public limited companies.

   (2 marks each)

4. (a) Explain the external reporting requirements by Compliance Officer as laid down under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

   (4 marks)

   (b) Regulation 168 of the Company Secretaries Regulations, 1982 prohibits a Company Secretary in Practice from engaging in any business or occupation other than the profession of Company Secretary unless it is permitted by a general or specific resolution of the Council of the Institute of Company Secretaries of India. Comment.

   (4 marks)

   (c) "In securities market, information is money." Comment.

   (4 marks)

   (d) In respect of listed companies, certain additional items are required to be considered by the Board at its meeting. Explain.

   (4 marks)

5. (a) Outline the procedure for removal of the statutory auditor.

   (8 marks)

   (b) Enumerate the procedure for conversion of a public company into a private company.

   (8 marks)

6. (a) Describe the basic features of limited liability partnership (LLP) and distinguish it from normal partnership.

   (8 marks)

   (b) State the important features of electronic filing of documents under the Companies Act, 1956.

   (5 marks)

(c) Mention against the following e-forms, the subject matter for which these forms are meant :

(i) e-form-3

(ii) e-form-4C

(iii) e-form-24B.

(1 mark each)

7. (a) You are a Practising Company Secretary. One of your clients abroad wants to establish a place of business in India for a company incorporated abroad in which he is a Whole-time Director. Prepare a note for his information indicating the procedure involved to set-up a place of business in India.

(8 marks)

(b) Draft the minutes of annual general meeting of Happy Ltd. at which besides adoption of accounts, declaration of dividend, appointment of auditors and the appointment of additional director as regular director featured for consideration and decision.

(8 marks)

8. (a) Bring out the salient aspects of Secretarial Standard–3 on dividends in respect of (i) interim dividend; and (ii) unpaid/unclaimed dividend.

(4 marks)

(b) Which type of companies are subject to audit by Comptroller and Auditor General of India ? Is there any need for having statutory audit by professional auditors ? State the legal position in this regard.

(6 marks)

(c) Certain information is required to be mandatorily reviewed by the audit committee. Discuss.

(6 marks)

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"जय साई राम"

Roll No.[redacted]

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. Attempt ***any four*** of the following :

   (i) Define 'document'. Explain various kinds of deeds.

   (ii) What are the important points that should be taken into consideration while drafting contracts ?

   (iii) What are the pre-requisites of 'arbitration' ? Draft the specimen of an arbitration agreement to refer dispute to an arbitral tribunal.

   (iv) Define the following :

   (a) Contract of guarantee

   (b) Hypothecation agreement

   (c) Lease

   (d) Licence

   (e) Mortgage.

   (v) Draft a specimen of memorandum of mortgage by deposit of title deeds.

(5 marks each)

2. (a) Write short notes on ***any two*** the following :

   (i) *Del credere* agency

   (ii) Usufructuary mortgage

   (iii) Power of attorney and letter of authority.

(3 marks each)

   (b) Choose the most appropriate answer from the given options in respect of the following :

   (i) A deed kept for twenty years or more in man's escritoire or strong box is called —

   (a) Pretended deed

   (b) Lawful deed

   (c) Warranty deed

   (d) Latent deed.

(ii) A 'guarantee' guaranteeing an employer against the misconduct of an employee or to answer for the debt or default of another is called —

(a) Performance guarantee

(b) Bank guarantee

(c) Counter guarantee

(d) Fidelity guarantee.

(iii) In English law, mortgage by deposit of title deed is called as —

(a) Usufructuary mortgage

(b) English mortgage

(c) Equitable mortgage

(d) Anomalous mortgage.

(iv) Power of attorney executed for the purpose of generally representing another person or for performing more than one act is called —

(a) General power of attorney

(b) Special power of attorney

(c) Particular power of attorney

(d) Revocable power of attorney.

(v) In case of a company, mortgage of the property should be duly authorised —

(a) By objects clause of the memorandum of association and approved by a resolution of the Board

(b) Only by objects clause of the memorandum of association

(c) Only by a resolution passed in the meeting of the Board

(d) By articles of association.

(1 mark each)

(c) Mention the procedure to be followed for carrying through a compromise or arrangement under section 391 of the Companies Act, 1956.

(5 marks)

3. (a) Distinguish between the following :

(i) 'Conveyance' and 'contract'.

(ii) 'Instrument' and 'deed'.

(iii) 'Partnership' and 'trust'.

(4 marks each)

(b) Write a short note on 'retirement and expulsion of partners'.

(4 marks)

4. (a) State, with reasons in brief, whether the following statements are correct or incorrect :
    (i) Drafting is first thinking and second composing.
    (ii) If a document is not properly stamped, it is rendered inadmissible in evidence.
    (iii) Testimonium is the clause in the first part of the deed.

(2 marks each)

   (b) "Practising of good professional etiquettes is necessary for professional success in the emerging business scenario." Discuss.

(4 marks)

   (c) Bharat requests Ajay to sell and deliver to him goods on credit. Ajay agrees to do so, provided Chandan guarantees the payment of the price of the goods. Is this a sufficient consideration for Chandan's promise and is this arrangement a valid contract of guarantee ? Discuss.

(6 marks)

5. (a) Explain in detail the general principles of drafting and conveyancing and other writings.

(12 marks)

   (b) Write a short note on 'covenants and undertakings'.

(4 marks)

6. Attempt ***any four*** of the following :
    (i) What is meant by 'pre-incorporation contracts' ? Can a company ratify a contract entered into by the promoters on its behalf before its incorporation ? Explain with reasons.

(4 marks)

    (ii) Mention important guidelines which are required to be followed while entering into a foreign collaboration agreement.

(4 marks)

    (iii) Draft an affidavit of creditor in proof of his debt in proceeding for the liquidation of a company.

(4 marks)

    (iv) Define the following :
        (a) Appeal
        (b) Affidavit
        (c) Articles of Association
        (d) Rejoinder.

(1 mark each)

(v) What is 'compounding of offences' ? How does compounding of offences take place under the Code of Criminal Procedure, 1973 ?

(4 marks)

7. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

(i) Outsourcing is the contracting out of a company's non-core, non-revenue producing activities to a ________.

(ii) The present day system of pleadings in our country is based on the provisions of the ________ supplemented from time to time by rules in that behalf by the High Courts of the States.

(iii) ________ is an application by any party to an appellate court asking it to set aside or revise a decision of a subordinate court.

(iv) ________ compels courts to act within their jurisdiction when a tribunal acts without or in excess of jurisdiction or in violation of the rules or law.

(v) In compounding of offences, ________ make a joint application to the court that the parties have come to terms and the case may not be proceeded with.

(1 mark each)

(b) State the general guidelines of drafting notices under the Companies Act, 1956.

(5 marks)

(c) What is meant by a 'consent order' ? What remedies are available with the Securities and Exchange Board of India if the consent order is violated by a party ?

(6 marks)

8. (a) Explain the guidelines for professional dress of Company Secretaries.

(6 marks)

(b) Why is art of advocacy important ? What are the important factors which Company Secretaries should keep in mind while making written pleadings ?

(10 marks)

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"जय साईराम"

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Roll No....[redacted]

Time allowed : 3 hours | *Maximum marks : 100*

Total number of questions : 7 | *Total number of printed pages : 6*

NOTE : *1. Answer FIVE questions including Question No.1 which is compulsory. All working notes should be shown distinctly.*

2. Tables showing the present value of Re.1 and the present value of an annuity of Re.1 for 15 years are annexed.

1. Comment on ***any four*** of the following :

(i) Failure of a firm is technical if it is unable to meet its current obligations.

(ii) In addition to transaction motive, more motives force corporate to hold inventory.

(iii) CAPM is a tool to workout cost of equity.

(iv) 'Counter party risk' is faced in forward transactions.

(v) The function of treasury management is concerned with both macro and micro facets of the economy.

(5 marks each)

2. (a) The following financial data relates to XYZ Ltd. :

Year	*Earnings Per Share (Rs.)*	*Dividend Per Share (Rs.)*	*Share Price (Rs.)*
2004	42	17	252
2005	46	18	184
2006	51	20	255
2007	55	22	275
2008	62	25	372

A firm of market analysts which specialises in the industry in which XYZ Ltd. operates has recently re-evaluated the company's future prospects. The analysts estimate that XYZ Ltd.'s earnings and dividend will grow at 25% for the next three years. Thereafter, earnings are likely to increase at a lower rate of 10%. If this reduction in earnings growth occurs, the analysts consider that the dividend payout ratio will be increased to 50%.

XYZ Ltd. is all equity financed and has 10 lakh ordinary shares in issue. The tax rate of 33% is not expected to change in the foreseeable future. Calculate the estimated share price; and the P/E ratio by using dividend valuation model. For this purpose, you can assume a constant post-tax cost of capital of 18%.

(12 marks)

(b) An investor buys a NIFTY futures contract for Rs.2,80,000 (lot size 200 futures). On the settlement date, the NIFTY closes at 1,378. Find out his profit or loss, if he pays Rs.1,000 as brokerage. What would be the amount of profit or loss, if he has sold the futures contract ?

(4 marks)

(c) Ankush Ltd. has a plan to raise an amount of Rs.50 crore for a period of 3 months, 6 months from now. The current rate of interest is 9% but it may rise in 6 months time. The company wants to hedge itself against the increase in interest rate. Bank of India has quoted a forward rate agreement (FRA) at 9.1% per annum.

Find out the effect of FRA and actual interest cost to Ankush Ltd., if the actual rate after 6 months happens to be 9.5% or 8.5%.

(4 marks)

3. (a) The management of Laxmi Ltd. has called for a statement showing the working capital needed to finance a level of activity of 6,00,000 units of output for the year 2009. The cost structure for the company's product for the abovementioned level is given as under :

	Cost Per Unit (Rs.)
Raw materials	20
Direct labour	5
Overheads	15
Total costs	40
Profit	10
Selling price	50

Past trends indicate that raw materials are in stock on an average for three months.

Work-in-progress will approximate to half a month's production. Finished goods remain in warehouse on an average for two months. Suppliers of materials extend one month's credit.

Two months' credit is normally allowed to debtors. A minimum cash balance of Rs.1,00,000 is expected to be maintained. The production pattern is assumed to be even during the year.

You are required to prepare the statement of working capital determination.

(12 marks)

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(b) You sold Hong Kong $1,00,00,000 value spot to your customer at Rs.5.70/HK $ and covered yourself in London market on the same day, when the exchange rates were :

US $1=HK $7.5880 and HK $7.5920.

Local inter-bank market rates for US$ were –

Spot US $1=Rs.42.70 and Rs.42.85.

Calculate — (i) cover rate; and (ii) ascertain profit or loss in transaction. Ignore taxation.

(4 marks)

(c) "Discounted cash flow is very close to economic value added." Comment.

(4 marks)

4. Distinguish between ***any four*** of the following :

(i) 'Financing of current assets' and 'financing of fixed assets'.

(ii) 'Financial derivatives' and 'commodity derivatives'.

(iii) 'Interest rate parity' and 'purchasing power parity'.

(iv) 'Capital structure' and 'financial structure'.

(v) 'Liquidity management' and 'treasury management'.

(5 marks each)

5. (a) Sumati Ltd. is considering three finance plans. Total investments required is Rs.2,00,000.

Plan	*Equity*	*Debt*	*Preference Shares*
A	100%	—	—
B	50%	50%	—
C	50%	—	50%

Cost of debt : 8%

Cost of preference shares : 8%

Tax rate : 30%.

Equity shares of face value of Rs.10 each will be issued at a premium of Rs.10 per share.

Expected EBIT is Rs.80,000.

You are required to calculate for each finance plan —

(i) Earnings per share (EPS); and 5.6, 10.08, 9.6

(ii) EBIT range among the EPS equivalency point.

(6 marks each)

(b) Rosa Chemicals Ltd. has outstanding 1,20,000 shares selling at Rs.20 per share. The company hopes to make a net income of Rs.3,50,000 during the year ending 31st March, 2009. The company is thinking of paying a dividend of Rs.2 per share at the end of current year. The capitalisation rate for risk class of this firm has been estimated to be 15%. Assuming no taxes, answer the questions listed below on the basis of the Modigliani Miller dividend valuation model :

(i) What will be the price of share at the end of 31st March, 2009, if – (a) the dividend is paid; and (b) the dividend is not paid ?

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(6 marks)

(ii) How many new shares the company must issue if the dividend is paid and company needs Rs.9,50,000 for an approved investment expenditure during the year ? 121000

(2 marks)

6. An iron ore company is considering investing in a new processing facility. The company extracts ore from an open pit mine. During a year, 1,00,000 tons of ore is extracted. If the output from the extraction process is sold immediately upon removal of dirt, rocks and other impurities, a price of Rs.1,000 per ton of ore can be obtained. The company has estimated that its extraction costs amount to 70% of the net realisable value of the ore.

As an alternative to selling all the ore at Rs.1,000 per ton, it is possible to process further 25% of the output. The additional cash cost of further processing would be Rs.100 per ton. The processed ore would yield 80% final output and can be sold at Rs.1,350 per ton.

For additional processing the company would have to install equipments costing Rs.100 lakh. The equipment is expected to have a useful life of 5 years with no salvage value. The company follows the straight line method of depreciation. Additional working capital requirement is estimated at Rs.10 lakh. The company's cut-off rate for such investments is 15%. Assume corporate tax rate 30% (including surcharge and education cess).

Should the company install the equipment for further processing of the iron ore ?

(20 marks)

7. Write notes on ***any four*** *of* the following :

(i) Participating preference shares

(ii) Credit investigation factors

(iii) Transfer pricing

(iv) Risks in forex market

(v) Financial distress.

(5 marks each)

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TABLE – 1 : **PRESENT VALUE OF RUPEE ONE**

RATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
5%	0.9524	0.9070	0.8638	0.8227	0.7835	0.7462	0.7107	0.6768	0.6446	0.6139	0.5847	0.5568	0.5303	0.5051	0.4810
6%	0.9434	0.8900	0.8396	0.7921	0.7473	0.7050	0.6651	0.6274	0.5919	0.5584	0.5268	0.4970	0.4688	0.4423	0.4173
7%	0.9346	0.8734	0.8163	0.7629	0.7130	0.6663	0.6227	0.5820	0.5439	0.5083	0.4751	0.4440	0.4150	0.3878	0.3624
8%	0.9259	0.8573	0.7938	0.7350	0.6806	0.6302	0.5835	0.5403	0.5002	0.4632	0.4289	0.3971	0.3677	0.3405	0.3152
9%	0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5470	0.5019	0.4604	0.4224	0.3875	0.3555	0.3262	0.2992	0.2745
10%	0.9091	0.8264	0.7513	0.6830	0.6209	0.5645	0.5132	0.4665	0.4241	0.3855	0.3505	0.3186	0.2897	0.2633	0.2394
11%	0.9009	0.8116	0.7312	0.6587	0.5935	0.5346	0.4817	0.4339	0.3909	0.3522	0.3173	0.2858	0.2575	0.2320	0.2090
12%	0.8929	0.7972	0.7118	0.6355	0.5674	0.5066	0.4523	0.4039	0.3606	0.3220	0.2875	0.2567	0.2292	0.2046	0.1827
13%	0.8850	0.7831	0.6931	0.6133	0.5428	0.4803	0.4251	0.3762	0.3329	0.2946	0.2607	0.2307	0.2042	0.1807	0.1599
14%	0.8772	0.7695	0.6750	0.5921	0.5194	0.4556	0.3996	0.3506	0.3075	0.2697	0.2366	0.2076	0.1821	0.1597	0.1401
15%	0.8696	0.7561	0.6575	0.5718	0.4972	0.4323	0.3759	0.3269	0.2843	0.2472	0.2149	0.1869	0.1625	0.1413	0.1229
16%	0.8621	0.7432	0.6407	0.5523	0.4761	0.4104	0.3538	0.3050	0.2630	0.2267	0.1954	0.1685	0.1452	0.1252	0.1079
17%	0.8547	0.7305	0.6244	0.5337	0.4561	0.3898	0.3332	0.2848	0.2434	0.2080	0.1778	0.1520	0.1299	0.1110	0.0949
18%	0.8475	0.7182	0.6086	0.5158	0.4371	0.3704	0.3139	0.2660	0.2255	0.1911	0.1619	0.1372	0.1163	0.0985	0.0835
19%	0.8403	0.7062	0.5934	0.4987	0.4190	0.3521	0.2959	0.2487	0.2090	0.1756	0.1476	0.1240	0.1042	0.0876	0.0736
20%	0.8333	0.6944	0.5787	0.4823	0.4019	0.3349	0.2791	0.2326	0.1938	0.1615	0.1346	0.1122	0.0935	0.0779	0.0649
21%	0.8264	0.6830	0.5645	0.4665	0.3855	0.3186	0.2633	0.2176	0.1799	0.1486	0.1228	0.1015	0.0839	0.0693	0.0573
22%	0.8197	0.6719	0.5507	0.4514	0.3700	0.3033	0.2486	0.2038	0.1670	0.1369	0.1122	0.0920	0.0754	0.0618	0.0507
23%	0.8130	0.6610	0.5374	0.4369	0.3552	0.2888	0.2348	0.1909	0.1552	0.1262	0.1026	0.0834	0.0678	0.0551	0.0448
24%	0.8065	0.6504	0.5245	0.4230	0.3411	0.2751	0.2218	0.1789	0.1443	0.1164	0.0938	0.0757	0.0610	0.0492	0.0397
25%	0.8000	0.6400	0.5120	0.4096	0.3277	0.2621	0.2097	0.1678	0.1342	0.1074	0.0859	0.0687	0.0550	0.0440	0.0352

TABLE – 2 : PRESENT VALUE OF AN ANNUITY OF RUPEE ONE

RATE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
5%	0.9524	1.8594	2.7232	3.5460	4.3295	5.0757	5.7864	6.4632	7.1078	7.7217	8.3064	8.8633	9.3936	9.8986	10.3797
6%	0.9434	1.8334	2.6730	3.4651	4.2124	4.9173	5.5824	6.2098	6.8017	7.3601	7.8869	8.3838	8.8527	9.2950	9.7122
7%	0.9346	1.8080	2.6243	3.3872	4.1002	4.7665	5.3893	5.9713	6.5152	7.0236	7.4987	7.9427	8.3577	8.7455	9.1079
8%	0.9259	1.7833	2.5771	3.3121	3.9927	4.6229	5.2064	5.7466	6.2469	6.7101	7.1390	7.5361	7.9038	8.2442	8.5595
9%	0.9174	1.7591	2.5313	3.2397	3.8897	4.4859	5.0330	5.5348	5.9952	6.4177	6.8052	7.1607	7.4869	7.7862	8.0607
10%	0.9091	1.7355	2.4869	3.1699	3.7908	4.3553	4.8684	5.3349	5.7590	6.1446	6.4951	6.8137	7.1034	7.3667	7.6061
11%	0.9009	1.7125	2.4437	3.1024	3.6959	4.2305	4.7122	5.1461	5.5370	5.8892	6.2065	6.4924	6.7499	6.9819	7.1909
12%	0.8929	1.6901	2.4018	3.0373	3.6048	4.1114	4.5638	4.9676	5.3282	5.6502	5.9377	6.1944	6.4235	6.6282	6.8109
13%	0.8850	1.6681	2.3612	2.9745	3.5172	3.9975	4.4226	4.7988	5.1317	5.4262	5.6869	5.9176	6.1218	6.3025	6.4624
14%	0.8772	1.6467	2.3216	2.9137	3.4331	3.8887	4.2883	4.6389	4.9464	5.2161	5.4527	5.6603	5.8424	6.0021	6.1422
15%	0.8696	1.6257	2.2832	2.8550	3.3522	3.7845	4.1604	4.4873	4.7716	5.0188	5.2337	5.4206	5.5831	5.7245	5.8474
16%	0.8621	1.6052	2.2459	2.7982	3.2743	3.6847	4.0386	4.3436	4.6065	4.8332	5.0286	5.1971	5.3423	5.4675	5.5755
17%	0.8547	1.5852	2.2096	2.7432	3.1993	3.5892	3.9224	4.2072	4.4506	4.6586	4.8364	4.9884	5.1183	5.2293	5.3242
18%	0.8475	1.5656	2.1743	2.6901	3.1272	3.4976	3.8115	4.0776	4.3030	4.4941	4.6560	4.7932	4.9095	5.0081	5.0916
19%	0.8403	1.5465	2.1399	2.6386	3.0576	3.4098	3.7057	3.9544	4.1633	4.3389	4.4865	4.6105	4.7147	4.8023	4.8759
20%	0.8333	1.5278	2.1065	2.5887	2.9906	3.3255	3.6046	3.8372	4.0310	4.1925	4.3271	4.4392	4.5327	4.6106	4.6755
21%	0.8264	1.5095	2.0739	2.5404	2.9260	3.2446	3.5079	3.7256	3.9054	4.0541	4.1769	4.2784	4.3624	4.4317	4.4890
22%	0.8197	1.4915	2.0422	2.4936	2.8636	3.1669	3.4155	3.6193	3.7863	3.9232	4.0354	4.1274	4.2028	4.2646	4.3152
23%	0.8130	1.4740	2.0114	2.4483	2.8035	3.0923	3.3270	3.5179	3.6731	3.7993	3.9018	3.9852	4.0530	4.1082	4.1530
24%	0.8065	1.4568	1.9813	2.4043	2.7454	3.0205	3.2423	3.4212	3.5655	3.6819	3.7757	3.8514	3.9124	3.9616	4.0013
25%	0.8000	1.4400	1.9520	2.3616	2.6893	2.9514	3.1611	3.3289	3.4631	3.5705	3.6564	3.7251	3.7801	3.8241	3.8593

"जय साई राम"

Roll No. [redacted]

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 8 *Total number of printed pages : 4*

NOTE : *All references to sections relate to the Companies Act, 1956 unless stated otherwise.*

PART—A

(Answer Question No.1 which is compulsory and any three of the rest from this part.)

1\. (a) (i) ABC Ltd. has 700 creditors (in number) representing total value of Rs.100 crore as per its balance sheet. In a creditors meeting called under section 391 for considering proposed scheme of amalgamation with XYZ Ltd., out of total 700 creditors, only 150 creditors representing value of Rs.45 crore were present. Out of said 150 creditors present at the said meeting, only 140 creditors representing value of Rs.40 crore voted in favour of the resolution, while 10 creditors representing value of Rs.5 crore cast their dissenting vote against the scheme. Whether the motion proposing the scheme of amalgamation should be treated as approved or not ? Explain with reference to relevant provisions of law and case law, if any.

(5 marks)

(ii) In a scheme of arrangement made under section 391, a company proposes to transfer one of its undertakings to its subsidiary and also to reduce its share capital. Is the scheme valid ? Explain with relevant provisions of law and relevant cases.

(5 marks)

(b) State whether the following statements are true or false citing briefly relevant provisions of the law :

(i) There is a bar on a company amalgamating with a newly incorporated company.

(ii) A non-profit making company licensed under section 25 can be merged with a profit making company.

(iii) High Court can sanction a scheme of merger of a sick industrial company when a revival scheme is pending before BIFR.

(iv) An appeal can be preferred to the Supreme Court of India against the order passed under section 391/394 sanctioning a scheme of amalgamation.

(v) The court can modify 'transfer date' proposed in a scheme of amalgamation.

(2 marks each)

(c) Explain the provisions relating to buy-back of shares through book-building route.

(5 marks)

2. (a) Reduction of capital is one of the modes of re-organisation of capital structure of the company and to a certain extent it can be done without the sanction of the court. Explain with relevant provisions of the law.

(7 marks)

(b) Strategy is the very soul of any action and activity. Briefly define the strategy with 5Ps of Henry Mintzberg.

(4 marks)

(c) In a scheme of compromise, arrangement, reconstruction or amalgamation, various types of approvals are required. Describe briefly such approvals.

(4 marks)

3. (a) In a buy-back of securities, a company has to pay stamp duty under the Indian Stamp Act, 1899 for physical shares. Do you agree ? Explain.

(5 marks)

(b) In an open offer in terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, what message is conveyed by the SEBI by way of 'disclaimer clause' to the shareholders of the target company ?

(5 marks)

(c) What do you mean by 'hostile takeover' ? Why these types of takeovers are resorted to and by whom, and what is the objective of the acquirer ?

(5 marks)

4. (a) Good Value Ltd. (GVL) is contemplating acquisition of Fair Value Ltd. (FVL). GVL has 3,00,000 equity shares and FVL has 2,00,000 equity shares and the market value of shares are Rs.30 and Rs. 20 and EPS is Rs.4 per share and Rs.2.25 per share respectively. It is proposed to give one share of GVL to the shareholder of FVL for their two shares in FVL. Based on the above information, you are required to —

(i) calculate EPS after the merger/acquisition of the company; and

(ii) show the impact on EPS for the shareholders of both the companies.

(5 marks)

(b) X, an acquirer, fails to fulfil the offer obligation towards shareholders of target company who have lodged their shares with the acquirer. What are the remedies available to a merchant banker for discharge of the obligations especially towards shareholders who have participated in the offer as well as to deal with the escrow account ?

(5 marks)

(c) State whether any stamp duty is payable on transfer of properties under the order of amalgamation. Briefly comment with relevant case law.

(5 marks)

5. (a) (i) The court has fixed meeting of equity shareholders of Rim Zim Ltd. on Tuesday, the 9th June, 2009 at Broadway Hotel, 3, Osaka Street, Mumbai for considering the proposed scheme of amalgamation with Jhil Mil Ltd. and appointed Kabir as Chairman and Mrs. Noori as alternate Chairperson of the meeting. As a Company Secretary of Rim Zim Ltd., draft the notice of the meeting.

(7 marks)

(ii) After meeting of equity shareholders of Rim Zim Ltd., the proposed scheme of amalgamation of Rim Zim Ltd. with Jhil Mil Ltd. was passed. Draft the Chairman's report for onward submission to the court.

(4 marks)

(b) Briefly explain with relevant provisions of the Companies Act, 1956 as to when the scheme of amalgamation would become effective.

(4 marks)

PART—B

(Answer ANY TWO questions from this part.)

6. (a) Explain the enforcement of security interest by a secured creditor under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(7 marks)

(b) Define 'securitisation' and explain the objectives of securitisation.

securitisation *(4 marks)*

(c) What do you mean by 'non-performing assets' under the ~~Securities~~ and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ?

(4 marks)

7. (a) What do you understand by 'sick industrial company' ? Explain the immunities provided to a sick industrial company under the Sick Industrial Companies (Special Provisions) Act, 1985.

(7 marks)

(b) Though, UNCITRAL Model Law is not a substantive law, yet it recommends protection to creditors and other interested persons. Briefly describe what are the protections provided under the UNCITRAL Model Law.

(4 marks)

(c) The main objective of asset reconstruction company (ARC) is to act as an agent for banks and financial institutions. Briefly explain with the relevant provisions of law.

(4 marks)

8. (a) State the World Bank principles for effective insolvency and creditor rights systems.

(7 marks)

(b) On 2nd December, 1983, winding-up order was passed in respect of Heaven Ltd. On 1st December, 1989, official liquidator of Heaven Ltd. (in liquidation) initiated misfeasance proceedings against the promoter directors of the company. Directors pleaded that proceedings should be quashed being time barred. Briefly explain with support of relevant case laws, period of limitation for initiating misfeasance proceedings under the Companies Act, 1956.

(4 marks)

(c) Can an Indian court pass an order of amalgamation that has the winding-up effect in respect of the foreign company ? Support your answer with relevant case law.

(4 marks)

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' जय साईं राम '

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Roll No. [redacted]

Time allowed : 3 hours | *Maximum marks : 100*

Total number of questions : 8 | *Total number of printed pages : 5*

PART—A

(Answer Question No. 1 which is compulsory and any two of the rest from this part.)

1. (a) On 8th February, 2009, The Hindustan Times published a news caption "Crisis of unimaginable proportions — Fraud @ Satyam. Company running out of cash to pay salaries — faces lawsuits."

It further remarked : "The country is rocked by possibly the biggest corporate fraud. The company's profits and cash reserves had been doctored for several years with possible connivance of auditors." Obviously, the company had committed breach of good governance practices and legal bulwarks.

If you have to investigate into this case, which aspects of Corporate Governance would you look into ?

(10 marks)

(b) Choose the most appropriate answer from the given options in respect of the following :

(i) Corporate governance means —

(a) Corporate management

(b) Corporate administration

(c) Corporate planning

(d) Corporate system.

(ii) Board of directors play a pivotal role in ensuring —

(a) Good meetings

(b) Good management

(c) Good administration

(d) Good governance.

(iii) Remuneration Committee of the Board should have —

(a) Six members

(b) Independent director as its chairman

(c) Company Secretary as advisor

(d) No interested director.

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(iv) The aim of internal control system is to —

(a) Boost company image in market

(b) Rationalise the company affairs and activities

(c) Help company in achieving its goals

(d) Keep check on internal management.

(v) Shareholders can apply for winding-up of the company under section 397 read with section 399 of the Companies Act, 1956 in case of —

(a) Oppression and mismanagement

(b) Misbehaviour of managing director with shareholders

(c) Company insolvency

(d) Failure to pay debts.

(1 mark each)

(c) State, with reasons in brief, whether the following statements are correct or incorrect :

(i) Audit committee is more of a formality than an independent regulator.

(ii) Insider trading is permissible with the sanction of the SEBI.

(iii) Government regulations and public policy tend to bring the bare minimum involvement by the corporates towards their corporate responsibilities.

(iv) Clause 49 was incorporated in the listing agreement in February, 2000 by the SEBI.

(v) The matters required to be included in the directors' responsibility statement are to be included in the directors' report.

(1 mark each)

2. (a) Write notes on ***any two*** of the following :

(i) Objectives of legal compliance committee

(ii) Internal control system

(iii) Risk management process.

(5 marks each)

(b) Distinguish between 'corporate blogging' and 'company's vertical communication'.

(5 marks)

3. (a) What is 'corporate philanthropy' ? How is it different from corporate social responsibility (CSR) ?

(7 marks)

(b) Describe the responsibilities of the Board of directors towards company, management, stakeholders and government.

(8 marks)

4. (a) "A positive synergy out of due integration of the social responsibility of business with the commercial focus is on the whole a fairy tale with catchy gains." Elucidate.

(7 marks)

(b) Enumerate various committees of the Board of directors which are required to be constituted under clause 49 of the listing agreement and state their functions ?

(8 marks)

PART—B

(Answer ANY TWO questions from this part.)

5. (a) Explain the concept of 'business ethics'.

(2 marks)

(b) State the essential features of a good business ethics programme.

(3 marks)

(c) You are the Company Secretary of Satyadhan Services Ltd. The company is currently facing crisis of sagging public image. The Board wants to publicise its ethical programme which takes care of the public aspirations. Draft a catchy 8-Point 'Good Ethics Programme' (GEP) for consideration of the Board of directors.

(10 marks)

6. (a) "Ethics is the first line of defence against corruption, while law enforcement is remedial and reactive. However, both fail to achieve the desired aim in the Indian set-up." Do you agree ? Give reasons in support of your answer.

(7 marks)

(b) Explain and distinguish between 'activity analysis' and 'stakeholders analysis'.

(8 marks)

7. (a) Outline the main provisions of a 'model code of business conduct and ethics'.

(7 marks)

(b) Write short notes on ***any two*** of the following :

(i) Ethics audit

(ii) Ethical dilemma

(iii) Deontological ethics.

(4 marks each)

PART—C

8. Attempt ***any four*** of the following :

(a) Explain the concept of 'triple bottom line' (TBL).

(5 marks)

(b) What do you understand by 'corporate sustainability' ? State the key drivers which need to be garnered to ensure sustainability.

(5 marks)

(c) Explain the benefits of sustainability reporting. Describe sustainability reporting in emerging economies.

(5 marks)

(d) Write a note on — World Commission on Environment and Development (WCED).

(5 marks)

(e) Choose the most appropriate answer from the given options in respect of the following :

(i) The UN climate change conference was held in Bali, Indonesia in —

(a) January, 2005

(b) June, 2000

(c) December, 2007

(d) January, 2009.

(ii) The International Labour Organisation (ILO) was created by a treaty in —

(a) Rome

(b) Versailles

(c) Paris

(d) Geneva.

(iii) The Biodiversity Treaty has —

(a) Two goals

(b) Four goals

(c) Only one goal

(d) Three goals.

(iv) The rule in Rylands *vs.* Fletcher originally applies only to —

(a) Natural resources

(b) Industrial disasters

(c) Agrarian water logging

(d) Dangerous industries.

(v) The Corporate Manslaughter and Corporate Homicide Act, 2007 applies to industries located in —

(a) India

(b) UK

(c) USA

(d) France.

(1 mark each)

(f) State, with reasons in brief, whether the following statements are correct or incorrect :

(i) Sustainable development and economic growth are co-terminous.

(ii) In real life, many public limited companies do not exist in perpetuity.

(iii) Stakeholders identification is optional as per the global reporting initiative.

(iv) Agenda-21 was adopted at the Earth Summit in New York in 1992 by way of a treaty.

(v) There is an absolute and non-delegatable duty on an enterprise which is engaged in a hazardous or inherently dangerous activity.

(1 mark each)

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"जय साईं राम"

Roll No. [redacted]

Time allowed : 3 hours | *Maximum marks : 100*

Total number of questions : 8 | *Total number of printed pages : 4*

PART—A

(Answer ANY TWO questions from this part)

1. (a) Attempt ***any two*** of the following :

   (i) Describe salient features of strategy in the light of launch of Nano car by Tata Motors Ltd.

   (ii) "The more important the decision, the less quantifiable it is and the more we will have to rely on the options of others and our own best judgment." Explain.

   (iii) "SWOT analysis is a strategic planning tool." Discuss.

   (iv) In the process of strategic change, managers face the problem of resistance to change. Discuss the factors responsible for individual resistance.

   (5 marks each)

   (b) Enumerate the steps involved in logical sequence in respect of ***any two*** of the following :

   (i) BCG Matrix

   (ii) Strategic programming

   (iii) Benchmarking process.

   (5 marks each)

2. (a) State, with reasons in brief, whether the following statements are correct or incorrect :

   (i) Leadership is not confined just to the CEO or the top level of the organisation.

   (ii) Environmental analysis consists of external analysis.

   (iii) Strategies for global business do not differ from domestic business.

   (iv) Mission is a statement which distinguishes the organisation from others.

   (v) Defensive types of strategies do not include retrenchment.

   (vi) Vision is not a mental perception of the environment an organisation wants to create.

   (2 marks each)

(b) Calculate 'economic value added' (EVA) from the following data :

Particulars	*Rs. in Crores*
Turnover	1,000
Cost of production	600
Average cost of capital :	
Debt (Long+Medium+Short Term)	200
Equity	100

Income-tax is @ 30%. Net operating profit after tax is 20%.

(8 marks)

3. (a) Risk management has become prime concern and acquired added significance after the global financial crisis and corporate frauds. The operations of your company are global and attract various types of risks and uncertainties. Prepare a note on risk management process for submission to the Managing Director of your company.

(12 marks)

(b) Write short notes on ***any two*** of the following :

(i) Strategic decision-making

(ii) Steps involved in business process re-engineering (BPR)

(iii) Integration strategies.

(4 marks each)

PART—B

(Answer ANY ONE question from this part.)

4. (a) Briefly explain the concept of 'strategic alliance', its forms and principles for its success.

(8 marks)

(b) The Board of directors of your company has forwarded you the proposed foreign technical collaboration agreement for scrutiny and comments. There are clauses in the agreement putting restrictions on use of technical know-how after the expiry of the agreement; further research and development of technical know-how after the expiry of the agreement; sharing of technical know-how with any other Indian company; sale of goods outside assigned territory and price-fixation. Examine the agreement and pinpoint restrictive clauses and their effect on interests of your company in particular and Indian industry in general.

(8 marks)

(c) Explain briefly 'equity joint venture' and 'contractual joint venture'.

(4 marks)

5. (a) Your company is negotiating an international joint venture with a company registered in Italy for the manufacture of fuel efficient engine for a small car. As a Company Secretary, prepare a note for the consideration of the Managing Director —

   (i) giving the best method of resolution of disputes in international joint ventures; and

   (8 marks)

   (ii) drafting of arbitration clause nominating the London Court of International Arbitration for resolution of disputes between the parties.

   (8 marks)

   (b) State the steps involved in the process of integrating alliances into corporate strategy.

   (4 marks)

PART—C

(Answer ANY TWO questions from this part.)

6. Read the following passage and answer the questions given at the end :

India has imposed anti-dumping duties on imports of compact discs recordables (CDRs) from China, Hong Kong, Singapore and Chinese Taipei. The move is expected to give some relief to domestic producers of CDRs. The Central Board of Excise and Customs (CBEC) had notified the imposition of anti-dumping duty in the range of $0.050 to $0.099 per piece.

Imposition of duty is expected to level the field for domestic players. The domestic industry had petitioned the government against such imports as these were eroding their margins.

The designated authority – Director General of Anti-Dumping (DGAD) had made a recommendation to the CBEC in this regard. The authority, in its final findings, had concluded that the CDRs had entered Indian market from the identified countries at price less than their normal value in the domestic market.

"The domestic industry had suffered material injury and the injury has been caused to the domestic industry both by volume and price effect of dumped imports of subjected goods originating in or exported from the subject countries", it had said.

The authority maintained that dumping margins of the CDRs imported from these countries were substantial and above the *de minimis* and recommended imposition of definitive anti-dumping duties.

Answer the following questions —

(i) What is dumping ? Illustrate.

(ii) How did DGAD come to the conclusion of dumping of CDRs ?

(iii) Under what conditions DGAD would have suspended the investigations ?

(iv) With whom the appeal against the order of DGAD may be filed and in how many days ?

(5 marks each)

7. (a) Describe the time-frame for different stages of dispute settlement under the WTO.

(8 marks)

(b) Write short notes on ***any three*** of the following :

(i) Objectives of ASEAN

(ii) Rules of origin criteria

(iii) Distortion of trade

(iv) Non-tariff barriers.

(4 marks each)

8 (a) State, with reasons in brief, whether the following statements are correct or incorrect :

(i) The World Trade Organisation (WTO) is a simple extension of GATT.

(ii) SAPTA is a free trade agreement between South Asian Countries.

(iii) Most favoured nation (MFN) concept means some kind of special treatment for one particular country.

(iv) The word 'plurilateral' in the context of the WTO means plurality of agreements.

(v) 'Champagne' a term associated with wine produced in a certain region of France can be made in India and exported as 'Champagne'.

(2 marks each)

(b) "Subsidies and countervailing measures (SCM) agreement creates three basic categories of subsidies." Explain.

(6 marks)

(c) What are the objectives of South Asian Association for Regional Co-operation (SAARC) ?

(4 marks)

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"जय साईराम"

Roll No...[redacted]........

Time allowed : 3 hours Maximum marks : 100

Total number of questions : 8 Total number of printed pages : 5

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

1. (a) State, with reasons in brief, whether the following statements are correct or incorrect :

   (i) The issuer and merchant banker need not ensure that the security created to secure the debt securities is adequate to ensure 100% asset cover for the debt securities.

   (ii) A private placement is an issue of shares or convertible securities by a company to a select group of persons under section 81 of the Companies Act, 1956 which is neither a rights issue nor a public issue.

   (iii) A 'takeover bid' is an offer addressed to each shareholder of a company, whose shares are not closely held, to buy his shares in the company at the offered price within the stipulated period of time.

   (iv) As per clause 49 of the listing agreement in respect of good corporate governance, a director shall not be member in more than 20 committees or act as chairman of more than 10 committees across all companies in which he is a director.

   (v) A company can deliver the share certificate at any time after receiving the application for registration of transfer as per the Companies Act, 1956.

   (2 marks each)

   (b) Critically examine and comment on the following :

   (i) All preferential issues by the listed companies should be approved by the shareholders' resolution in the meeting of shareholders.

   (ii) A depository participant is the agent of the investor in the depository system providing the link between the company and investor through the depository.

   (5 marks each)

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

   (i) Public issue is not governed by the—

   (a) Companies Act, 1956

   (b) Foreign Exchange Management Act, 1999

   (c) Payment of Bonus Act, 1965

   (d) Securities Contracts (Regulation) Act, 1956.

(ii) In case of underwriting of rights issue, if minimum subscription is not received, the entire subscription should be refunded within —

(a) 45 days

(b) 60 days

(c) 42 days

(d) 30 days.

(iii) A down stream merger occurs when —

(a) There is a merger of parent company into its subsidiary company

(b) There is a merger of subsidiary company into its parent company

(c) There is a merger of a healthy company with a financially weak company

(d) There is a merger of a subsidiary company into its parent company where the parent company owns substantially all of the shares of the subsidiary company.

(iv) 'Overseas Custodian Bank' means a banking company which is established in a country —

(a) Inside India

(b) Outside India

(c) Inside as well as outside India

(d) Either inside or outside India.

(v) If a company or any other person contravenes any provision of the rules for which no punishment is provided under the Companies (Issue of Indian Depository Receipts) Rules, 2004, the company and every officer in default shall be punishable with fine which may extend to —

(a) Equal the amount of IDR issue

(b) Twice the amount of IDR issue

(c) Thrice the amount of IDR issue

(d) Four times the amount of IDR issue.

(vi) Payment of foreign technology collaboration by Indian companies under the FEMA regulations are allowed under automatic route subject to the limitation of the lump sum payments not exceeding —

(a) US $5 million

(b) US $10 million

(c) US $2 million

(d) US $3 million.

(1 mark each)

(b) Write a note on 'intellectual property due diligence'.

(4 marks)

(c) Distinguish between the following :

(i) 'Due diligence' and 'audit'.

(ii) 'American depository receipts (ADRs)' and 'global depository receipts (GDRs)'.

(3 marks each)

3\. (a) As a Practising Company Secretary, you have been asked to carry out the due diligence of XYZ Ltd. for a possible acquisition of the controlling interest from the owners of the said company. Explain briefly the possible hurdles that may occur while carrying out the due diligence and the steps needed to overcome such hurdles.

(6 marks)

(b) Anshul Power Generation Ltd. is contemplating setting-up an audit committee as part of good corporate governance. As a Company Secretary of the company, advise the company on the constitution, composition, quorum and the role of audit committee.

(6 marks)

(c) Explain the following terms used in due diligence report —

(i) Deal breakers

(ii) Deal diluters.

(2 marks each)

4\. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

(i) Shares issued under an Employee Stock Purchase Scheme (ESPS) are subject to lock-in for a minimum period of ________year from the date of allotment.

(ii) The credit rating is required to be obtained from atleast__________ registered credit rating agencies under the SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008.

(iii) A public limited company is required to appoint the Company Secretary to act as compliance officer under clause _____ of the listing agreement.

(iv) As per clause 49 of listing agreement, at least ______of the Board should include independent directors where chairman of the Board is a non-executive director.

(v) An American Depository Receipt (ADR) is a ________ denominated form of equity ownership in the form of depository receipts in a non-US company.

(vi) Pre-issue paid-up capital and free reserves of the issuing company should be at least __________under the Companies (Issue of Indian Depository Receipts) Rules, 2004 for the issue of IDRs.

(1 mark eac

(b) As a Practising Company Secretary, you have been appointed as secretarial auditor of Lilly Ltd. Explain briefly how you would undertake the process of secretarial audit.

(10 marks)

5. (a) Sanjay is a Practising Company Secretary and has been engaged as internal auditor of the operations of depository participants. Do you feel it is mandatory on the part of the depository participants to appoint an internal auditor ? What should be the contents of the internal audit report ?

(8 marks)

(b) As a Practising Company Secretary, you have been assigned to work out preliminary considerations for setting-up a joint venture. State the preliminary considerations to be taken care of in this regard.

(4 marks)

(c) A depository participant is required to enter into two important agreements in the course of trading in dematerialised securities. Explain.

(4 marks)

6. (a) Anmol Milk Products Ltd. is planning to expand its operation by financing Rs.75 crore through a term loan from the IDBI Bank Ltd. The company has applied for a term loan and the assets of the company will be mortgaged to the lending bank as security.

The bank has approached you, being a Practising Company Secretary, to furnish a certificate in respect of necessary powers of the company and its directors to enter into an agreement. State the general points to be kept in mind for furnishing such a certificate.

(6 marks)

(b) Enumerate the points to be checked by a Secretarial Auditor in respect of the Air (Prevention and Control of Pollution) Act, 1981.

(6 marks)

(c) Describe the role of a Company Secretary in Practice in securities management and compliances under the SEBI Act, 1992 and its regulations.

(4 marks)

7. (a) Write short notes on ***any two*** of the following :

(i) Takeover defences

(ii) Appraisal of register of members/debentureholders

(iii) Risks on trading in debt securities.

(4 marks each)

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(b) Distinguish between ***any two*** of the following:

(i) 'Dematerialisation' and 'rematerialisation'.

(ii) 'Financial collaboration' and 'technical collaboration'.

(iii) 'Depository' and 'depository participant'.

(4 marks each)

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

(i) A key step in any due diligence exercise is to develop an understanding of the purpose for the transaction.

(ii) In case of preferential issue of shares by listed companies, valuation is to be done by an independent qualified valuer.

(iii) Under the Employee Stock Option Scheme, the companies have freedom to determine the exercise price.

(iv) A conglomerate merger involves coming together of two companies in different industries.

(v) Securities held in a depository account can be pledged or hypothecated against a loan, credit or guarantee availed of by the beneficial owner of such securities.

(4 marks each)

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“ जय साईराम ”

Roll No.[redacted]........

Time allowed : 3 hours | Maximum marks : 100

Total number of questions : 8 | Total number of printed pages : 8

NOTE : All references to sections mentioned in Part-A of the Question Paper relate to the Income-tax Act, 1961 and relevant Assessment Year 2009-10, unless stated otherwise.

PART—A

(Answer ANY TWO questions from this part.)

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

   (i) The benefit of amortisation of preliminary expenses under section 35D has been extended to —

   (a) Manufacturing companies

   (b) Post-commencement preliminary expenses of service sector units

   (c) Non-resident companies

   (d) Non-resident individuals.

   (ii) No disallowance under section 40(a)(ia) shall be made in the case of a deductor in respect of expenditure incurred in the month of March, if the TDS on such expenditure has been paid before —

   (a) 31st December

   (b) 30th September

   (c) Due date for filing of the return

   (d) 30 days from the date of tax deduction.

   (iii) With effect from assessment year 2009-10, the rate of tax under sections 111A and 115AD, on short-term capital gains, arising from the transfer of equity shares in a company or a unit of an equity oriented funds where such transaction is chargeable to securities transaction tax (STT) is —

   (a) 20%

   (b) 15%

   (c) 10%

   (d) 25%.

   (iv) Depreciation on new plant acquired and kept as standby in anticipation of an order of supply of goods is —

   (a) An allowable expenditure on an asset kept as standby

   (b) Not allowable as asset acquired but not put to use

   (c) Partly allowable

   (d) None of the above.

(v) Lease rental income derived by a foreign company, by leasing its immovable property situated at Ahmedabad, India, to another foreign company whose payment in US Dollars has been made outside India as per the agreement which is also executed outside India is —

(a) An exempted income in India

(b) Chargeable to income-tax in India as it relates to property situated in India, and deemed to accrue or arise in India

(c) Subject to DTAA agreement entered into by Indian government with another country wherein foreign company is located

(d) None of the above.

(1 mark each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

(i) Expenditure incurred by a company after its incorporation and after its business had been set-up, on development of website for conducting its business partly through website could be considered as __________ expenditure.

(ii) Interest on borrowed funds utilised for acquisition of an asset as part of extension of business, could be capitalised till the asset ______________.

(iii) Subsidy received by a company operating a sugar mill, which could be utilised only for re-payment of term loans taken by it for setting-up of new units and extension of existing business would be treated as ____________.

(iv) Where there is a failure to deduct tax at source or to deposit the tax deducted at source by a company, the company and the Principal Officer shall be deemed to be an ______________ under section 201.

(v) Deduction in respect of contribution given by any person other than company under section 80GGC of the Income-tax Act, 1961, to a political party is ____________.

(1 mark each)

(c) "All companies are not liable to wealth-tax, even those which are liable have scope for minimising it." Comment.

(5 marks)

2. (a) State, with reasons in brief, whether the following statements are correct or incorrect :

(i) The cascading effect of dividend distribution tax is minimised in the case of holding and subsidiary companies.

(ii) The provisions of tax deduction at source do not apply to interest on corporate securities under certain circumstances.

(iii) An assessee can be asked to pay interest under section 234A for default in filing of return in time or for non-filing of return and also under section 234B for non-payment or short payment of advance tax even though there is overlapping of some period under the two provisions.

(2 marks each)

(b) A new weighted deduction has been introduced recently to encourage outsourcing of scientific research. Explain briefly its scope, applicability and advantages from the tax planning point of view.

(5 marks)

(c) A company had taken some unsecured loans by way of inter-corporate deposits (ICDs) from three other companies for use in its business and paid interest on those ICDs, which were offered for taxation by the recipient companies.

The income-tax officer contends that the unsecured loans are taxable as deemed dividends under section 2(22)(e). Can he do so ? Explain.

(4 marks)

3. (a) When will the 'book profits' of a company deemed to be the total income of the company for the purposes of levy of minimum alternate tax (MAT) under section 115JB ?

(3 marks)

(b) Indicate briefly the points to be taken into account while preparing annual accounts for the purpose of MAT.

(3 marks)

(c) The MAT does not apply to foreign companies operating in India. Do you agree ? Give reasons.

(3 marks)

(d) What is 'reverse mortgage' ? Whether loan received under the scheme of reverse mortgage amounts to income in the hands of borrower ? Whether mortgage of the property under reverse mortgage is treated as transfer so as to attract capital gains under section 45 ? Whether alienation of the mortgaged property by the mortgagee for the purpose of recovering the loan would amount to transfer so as to attract capital gains under section 45 ?

(6 marks)

PART—B

(Answer Question No.4 which is compulsory and any two of the rest from this part.)

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

(i) The exemption notification issued under section 5A of the Central Excise Act, 1944 is not applicable in respect of DTA clearance, unless specifically provided in the notification by —

(a) SSI unit

(b) EOU unit

(c) Both (a) and (b)

(d) None of the above.

(ii) Under the central excise law, any article, material or substance, capable of being bought and sold for a consideration shall be deemed to be —

(a) Goods

(b) Manufactured

(c) Marketable and hence excisable

(d) Produced.

(iii) Questions arising out of orders made by CESTAT are appealable to High Court except those relating to —

(a) Classification and valuation

(b) Duty drawback

(c) Refund of excise duty

(d) Advance ruling.

(iv) Value of export goods under the Customs Act, 1962 is not determined by —

(a) Transaction value

(b) Residual method

(c) Computed value

(d) Market value.

(v) The term 'authorised representative' under section 35Q of the Central Excise Act, 1944 includes, among others —

(a) All Company Secretaries

(b) Company Secretaries with 10 years post qualification experience

(c) Company Secretaries with certificate of practice

(d) Physics graduates.

(vi) Under the Customs Act, 1962, an appeal before tribunal against the order of Commissioner shall be filed within —

(a) 30 Days

(b) 3 Months

(c) 45 Days

(d) None of the above.

(vii) Smuggled goods are liable to confiscation —

(a) Only when they are in the same form

(b) Even when the form has changed or mixed with other goods

(c) Both (a) and (b)

(d) None of the above.

(1 mark each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

(i) In case of fraud, collusion, willful mis-statement and suppression of facts, or contravention of any provision of the Central Excise Act, 1944 or Rules with intent to evade payment of duty, demand for duty can be raised ________.

(ii) Rules made by the Central Government and regulation made by the Central Board of Excise and Customs (CBE&C) can provide for penalty upto Rs.________ on any person who violates any provision of rules or regulations.

(iii) Persons claiming refund of excise duty under section 11B have to make an application within __________from the 'relevant date'.

(iv) Under the Customs Act, 1962, duty, interest, penalty or fine to be rounded off to __________.

(v) The person from whom documents are seized is entitled to take _____ therefrom in presence of customs officer.

(vi) Under section 46, an importer has to file a ________ for home consumption or warehousing.

(vii) Assessees paying duty of Rs.1 crore or more per annum through personal ledger account (PLA) are required to submit annual financial information statement for each financial year by 30th November of succeeding year in prescribed form ______ ____.

(viii) ________ can be granted in the case of lost, destroyed or abandoned goods under section 23 of the Customs Act, 1962.

(1 mark each)

(c) Explain briefly the term 'import manifest'.

(5 marks)

OR

A manufacturing company has imported certain second-hand machinery for its use and declared its value on the basis of the 'transaction value'. Can the declared value be rejected by the authorities and, if so, when and how ? What are the details which the importer must submit in support of its claim ?

(5 marks)

5. (a) Under section 37B of the Central Excise Act, 1944 and section 151A of the Customs Act, 1962, the Central Board of Excise and Customs (CBE&C) issues various orders, instructions and directions to its officers from time to time. What is their binding effect ? Are they binding on all departmental authorities including quasi judicial authorities like Commissioner (Appeals) ? Are there any restrictions on such powers ? Can they have retrospective effect ?

(5 marks)

(b) Hetal manufactures hair dye. It is packed in pouches, each pouch containing 3 grams, 3 pouches (sachets) are sold in one packet. The net weight of each pouch, as also the net weight of the commodity in 3 pouches and the maximum rate is printed on the pouches. Examine whether the provisions of section 4A of the Central Excise Act, 1944 will apply for the valuation purpose.

(5 marks)

(c) Commissioner of Central Excise can review the order but cannot issue fresh notice extending period of limitation. Comment.

(5 marks)

6. (a) What are the options available, in the context of CENVAT credit rules, to a manufacturer manufacturing both exempt and dutiable goods or service-provider providing taxable as well as exempt services, in respect of inputs/input services used partly for manufacture of dutiable goods/taxable services and partly for exempted goods/services ?

(5 marks)

(b) Under certain circumstances, the central excise law allows an assessee to approach the Central Government with a request to revise appellate orders passed by the departmental authorities. Indicate the circumstances where such a possibility exists and the powers of the Central Government in this regard.

(5 marks)

(c) Write a note on excise concession on export of excisable goods.

(5 marks)

7. (a) Pranav and Parul, the petitioners, were engaged in the business of import in trading of textiles and some other consumable goods. During search, the statements of both the petitioners were recorded and the petitioners were arrested for the offence under sections 132 and 135 of the Customs Act, 1962 on account of alleged false declaration, false documents and evasion of customs duty. Simultaneously, adjudication proceedings were also initiated under the Act. The accused persons were exonerated by the competent authority/tribunal in the adjudication proceedings. Criminal proceedings were carried on simultaneously and petitioners were alleged to have committed offences punishable under sections 132 and 135(1)(b). Whether the criminal prosecution can be permitted to continue against both when the adjudication proceedings are in favour of them ? Discuss.

(5 marks)

(b) Eva Offshore Ltd. is engaged in drilling operations for exploration of offshore oil, gas and other related activities under contracts. The drilling operations are carried out at oil rigs/vessels which are situated outside the territorial waters of India.

Until around November, 1993, the company was permitted to tranship stores to the oil rigs without levy of any customs duty regardless of the fact whether oil rigs were operating within a designated area or non-designated area.

Whether oil rigs engaged in operations in the exclusive economic zone/continental shelf of India, falling outside the territorial waters of India, are 'foreign going vessels' as defined by section 2(21) of the Customs Act, 1962, and are entitled to consume imported stores thereon without payment of customs duty in terms of section 87 of the Customs Act 1962 ?

(5 marks)

(c) Arpit Alloys Ltd. imported a consignment of metal bars during July, 2008 by sea, weighing 5,300 tons from U.K. A bill of entry for home consumption was filed and an order for clearance was passed by the Assistant Commissioner. The company paid the applicable duty. Thereafter, delivery was taken and on examination by the company's representatives; it was found that only 5,000 tons of metal bars were available at the dock though duty was paid for the entire lot of 5,300 tons. Since there was no short landing of the cargo, the short delivery of 300 tons was also supported by the weightment certificate issued to the company by the port trust authorities. The company made a representation to the customs department for appropriate relief under the Customs Act, 1962. Examine.

(5 marks)

PART—C

8. Attempt *any four* of the following :

(i) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

(a) Countries that employ explicit policies designed to attract international trade oriented activities by minimisation of taxes and reduction or elimination of other restrictions on business operations are described as ________.

(b) The authority for advance ruling will not allow consideration of any question involving determination of ________ of any property.

(c) The ruling given by the authority for advance rulings will be binding on ________.

(d) Indian income-tax law does not provide any exemption in case of amalgamation of an Indian company with a foreign company wherein the resultant amalgamated company is a ________.

(e) ________ means any area outside India which may be notified as such by the Central Government for the purpose under section 90A of the Income-tax Act, 1961.

(1 mark each)

(ii) If a tax payer has legitimately reduced his tax burden by taking advantage of treaty, the benefit cannot be denied to him on the ground of loss of revenue. Explain in the context of decided case law.

(5 marks)

(iii) A resident of India has paid tax in a foreign country in respect of his income which accrued in that country. India has no double taxation avoidance agreement with that country. Such income is also taxable in India. Is there any relief available to him in respect of the tax paid by him ? Explain.

(5 marks)

(iv) Distinguish between 'international transactions' and 'cross border transactions'.

(5 marks)

(v) Can a public sector undertaking which has undertaken a transaction with a non-resident, seek an advance ruling in respect of tax liability of the non-resident and also its own liability ? Indicate the scope of applicability of such advance rulings.

(5 marks)

(vi) "Under the special provisions of the Income-tax Act, 1961, any income arising from an international transaction shall be computed having regard to the arm's length price." In this context, briefly indicate when the provisions of arm's length price will apply and when it will not apply and also state its scope.

(5 marks)

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