

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024)

B.COM. DEGREE EXAMINATION - APRIL 2024
HONOURS
SECOND SEMESTER

COURSE : MAJOR CORE
PAPER : CORPORATE LAW
SUBJECT CODE : 23BH/MC/CO24
TIME : 3 HOURS

MAX. MARKS: 100

| SECTION A (5 x 2 =10) | | | |
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| Q. No. | Answer all questions not exceeding 50 words | CO | KL |
| 1 | Define the term joint stock company. | 1 | 1 |
| 2 | What do you mean by red herring Prospectus? | 1 | 1 |
| 3 | What do you understand about Deferred shares? | 1 | 1 |
| 4 | List out the major components of an audit Report. | 1 | 1 |
| 5 | Who can be appointed as an independent director? | 1 | 1 |
| SECTION B (4 x 5 = 20) | | | |
| Q. No. | Answer any 4 questions not exceeding 150 words: | CO | KL |
| 6 | Classify the various types of companies | 1 | 2 |
| 7 | What is prospectus and list out its contents? | 1 | 2 |
| 8 | Write a short note on employee stock option schemes. | 1 | 2 |
| 9 | Why Secretarial Audit is important? | 1 | 2 |
| 10 | Write a short note on Insolvency and Bankruptcy Code. | 1 | 2 |
| 11 | What leads to Termination of Director's Contract? | 1 | 2 |
| SECTION C (4 x 10 =40) | | | |
| Q. No. | Answer the following questions not exceeding 500 words: | CO | KL |
| 12 a. | Distinguish between the Public Limited company and Private limited company. | 2 | 3 |
| (Or) | | | |
| 12 b. | Write a note on Concept of Corporate Veil and explain the exceptions to it. | 2 | 3 |
| 13 a. | What are articles of association and list out its contents? | 2 | 3 |
| (Or) | | | |
| 13 b. | What is the procedure to issue a Prospectus of a company? | 2 | 3 |
| 14 a. | What re the powers and functions of NCLT with regard to winding up of companies? | 3 | 4 |
| (Or) | | | |
| 14 b. | Elaborate the Provisions Relating to Books of Account to be maintained by a company. | 3 | 4 |
| 15 a. | Explain the provisions relating to issue of Bonus shares. | 3 | 4 |
| (Or) | | | |
| 15 b. | Elaborate on the rights and duties of Board of directors of a company. | 3 | 4 |

| SECTION D (1 x 15 = 15) | | | |
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| Q. No. | Answer any one question not exceeding 1000 words: | CO | KL |
| 16 | Explain the contents of Memorandum of Association and describe the procedure to alter it. | 4 | 5 |
| 17 | Write an elaborate note on winding up of a company and the procedure to be followed in case of voluntary winding up. | 4 | 5 |
| SECTION E (1 x 15 = 15) | | | |
| Q. No. | Compulsory Case Study: | CO | KL |
| 18 | <p>The Satyam scam is one of the biggest accounting scams in India. The scam was done by the company Satyam Computers. Satyam Computers was formerly the crown jewel of the Indian Information Technology (IT) industry, but its founders brought it to its knees in 2009 owing to financial misconduct. Satyam's abrupt demise spurred a discussion over the CEO's role in driving a company to new peaks of success, as well as the CEO's interaction with the Board of Directors and the establishment of crucial committees. The controversy highlighted the significance of corporate governance (CG) in the development of auditing committee standards and member of the board duties. The Satyam scam case shocked the market, especially Satyam investors, and it also harmed India's image in the worldwide market. So, let's delve into the topic by understanding what is Satyam scam. The Satyam Computers scam exemplifies one of India's most catastrophic scams, sending shockwaves across the business world. Ramalinga Raju, the founder and chairman of Satyam Computer Services, admitted to falsifying the company's accounting for many years in 2009. This disclosure surprised investors, workers, and regulators, ruining Satyam's and the Indian business community's image. Raju participated in a web of deception with his brother Rama Raju, Satyam's managing director, and a group of top executives, faking audit reports and generating bogus invoices, clients, bank accounts, and even employees. To make things worse, Raju used Satyam's finances to invest in his family's enterprises, such as Maytas, for personal benefit in real estate and other projects.</p> <p>Raju deceived authorities, auditors, investors, and analysts for six years, who were caught off guard by his faked data and bogus awards. In 2008, Satyam's stock price jumped from Rs.10 to Rs.544, making it one of India's most valuable IT firms. The firm has also received social responsibility and corporate governance awards, including the Golden Peacock Award in 2008. However, the facade started to disintegrate towards the end of 2008, coinciding with the global financial crisis, which ravaged the IT sector. Raju faced increased pressure from lenders and creditors to settle his obligations as Satyam's sales and profitability decreased. Furthermore, the World Bank examined his behavior and barred Satyam from participating in its projects for eight years owing to Raju's illicit employee benefits.</p> | 5 | 6 |

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| | <p>In a desperate effort to save his disintegrating enterprise, Raju used Satyam's financial reserves in December 2008 to launch an ill-fated \$1.6 billion offer for Maytas. This strategy, however, backfired catastrophically, sparking a furious uproar from Satyam shareholders and board members who saw the transaction as a diversion of cash and a blatant conflict of interest. Raju had just 12 hours to cancel the deal, but Satyam's stock price had dropped by 55% by then. Raju ultimately admitted to his deceptions after being cornered and given no other choice. On January 7, 2009, he acknowledged inflating Satyam's assets by a stunning Rs. 7,800 crores, accounting for approximately 94% of the company's assets, in a letter to Satyam's Board of Directors and authorities. Furthermore, he admitted to overstating Satyam's revenues by Rs. 5,040 crores, accounting for nearly 75% of the company's revenue. Raju said he worked independently and that neither his auditors nor board members knew of his illegal operations.</p> <p>The Satyam scam was exposed by an anonymous whistleblower who sent emails to one of the company's directors, Krishna Palepu, revealing the fraud. Palepu forwarded the emails to another director and S.Gopalakrishnan, a partner at PwC, the auditor of Satyam. The emails were sent from the alias Joseph Abraham. The whistleblower also alerted the SEBI and the media about the scam. The emails prompted an investigation by the regulators and the auditors, eventually leading to Raju's confession and arrest.</p> <p>Raju got away with the Satyam scam for six years by exploiting flaws in the accounting and auditing procedures and deceiving stakeholders with his power and charm. He had a network of accomplices with his brother Rama Raju, Satyam's managing director, and several senior executives. He also paid World Bank officials and other clients to get contracts and evade inspection. PricewaterhouseCoopers (PwC), Satyam's auditor, was Raju's key ally in the scheme.</p> <p>Questions</p> <ol style="list-style-type: none">1. How were Satyam books manipulated?2. What happened to PwC after the Satyam scandal?3. Who exposed the Satyam Scam?4. What was the role of Raju Brothers in the Satyam Scam?5. How was Raju able to get away with the Scandal? | | |
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