



PRESIDENCY UNIVERSITY,
BENGALURU

SCHOOL OF LAW

MID TERM EXAMINATION

Odd Semester: 2018-19

Course Code: LAW 302

Course Name: Law Of Corporate Governance

Branch & Sem: BBA.,LL.B(Hons.) & VII Sem

Date: 29 October 2018

Time: 2 Hours

Max Marks: 60

Weightage: 30%

Instructions:

- (i) All parts of the question paper are compulsory

Part A

Answer **all** the Questions. **Each** question carries **ten** marks.

(10x2=20)

1. What is corporate governance? Give an insight into the various theories of corporate governance with special reference to the agency theory, stakeholder's theory, resource dependency theory, stewardship theory, social contract theory, legitimacy theory and political theory. (3+7 Marks)
2. Detail the regulatory framework for corporate governance in India.

Part B

Answer **all** the Questions. **Each** question carries **ten** marks.

(2x10=20)

3. B Ramalinga Raju, the founder of Satyam Computer Services, confessed to a Rs 7,000-crore fraud on its balance sheet, which he had hidden from the IT company's board, employees and auditors for several years. The Satyam scandal was the largest accounting fraud in the history of corporate India and dubbed India's Enron, a reference to the American energy company that collapsed due to a mammoth accounting scandal. Throw light on the major corporate governance lapses which resulted in the satyam scam. Could the same have been prevented? How?
4. An Indian Company 'A' wants to merge with an Irish company 'B'. You have been entrusted by SEBI to see if the merger transaction is in compliance with applicable corporate governance norms. Prepare a report, which you have to submit to SEBI, for reporting on the deal. You are free to make up factual data which have to be analyzed in light of the current legal scenario. Some areas of law relevant to mergers and acquisition include company laws, capital market laws, competition laws, tax laws, foreign direct investment laws, treaties, intellectual property laws and dispute resolution.

Part C

Answer all the Questions. Each Question carries **ten** marks.

(2x10=20)

5. SEBI, vide its circular dated February 21, 2000, specified principles of corporate governance and introduced a new clause 49 in the Listing agreement of the Stock Exchanges. These principles of corporate governance were made applicable in a phased manner and all the listed companies with the paid up capital of Rs 3 crores and above or net worth of Rs 25 crores or more at any time in the history of the company, were covered as of March 31, 2003. Discuss the key provisions of the Listing Agreement pertinent to improving corporate governance standards in India.
6. Critically analyze the role of independent directors in improving corporate governance? Refer relevant provisions on the same. Mention at least one judicial judgment wherein courts have stressed upon the role and importance of vigilant independent directors.



Roll No.

**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF LAW

END TERM FINAL EXAMINATION

Odd Semester: 2018-19

Course Code: LAW 302

Course Name: Law of Corporate Governance

Programme & Sem: BBA., LL.B (Hons.) VII SEM

Date: 29 December 2018

Time: 3 Hours

Max Marks: 80

Weightage: 40%

Instructions:

- (i) *write legibly*
- (ii) *Question Number 3-10 have to be answered in accordance with the provisions of the Listing Agreement.*

Part A

Answer **all** the Questions. Each question carries **two** marks.

(10Qx2M=20)

1. What is Corporate Governance?
2. Mention any four OECD principles of Corporate Governance.

Question Number 3-10 have to be answered in accordance with the provisions of the Listing Agreement.

3. Which of the following is correct.

The expression 'independent director' shall mean a non-executive director of the company who:

- A) has not been an executive of the company in the immediately preceding five financial years
- B) Is not less than 25 years of age

Options are-

A

B

None.

4. All fees/compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in - _____ meeting.

Options are –

A) General

B) Annual General

5. The audit committee shall have minimum _____ directors as members. _____ of the members of audit committee shall be independent directors.
6. The board shall meet at least _____ times a year, with a maximum time gap of _____ months between any two meetings.
7. A director shall not be a member in more than _____ committees or act as Chairman of more than _____ committees across all companies in which he is a director.
8. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise. Who is financially literate?
9. The Chairman of the Audit Committee shall be a _____ director.

A) Executive

B) Independent

10. The Board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than _____ percent of the board of directors comprising of non-executive directors.

Part B

Answer **all** the Questions. **Each** question carries **ten** marks.

(4Qx10M=40)

11. At Ranbaxy, the corporate governance failures manifested in the board's failure to check fraud, absence of the adequate risk management system and unethical practices. The top management overrode the internal system. In light of the above statement, discuss in detail the various corporate governance lapses at Ranbaxy. Throw light on legal provisions which can check such occurrences.
12. Corporate governance experts have to think about the depressing reality that even companies without dominant investor families do not do their job. Justify how the ICICI Bank board has failed in its job.

13. Why did RBI say no to Yes Bank on Rana Kapoor's extension? Discuss this in light of the continuous fall in share price of Yes Bank and the ratings downgrade by Moody's Investors Service.
14. It's raining bank scams. We were just digesting the implications of Vijay Mallya fleeing the country with unpaid debts of over Rs 7,000 crore when news rolled in of Page 3 charmer Nirav Modi and Uncle Mehul Choksi disappearing with Punjab National Bank's (PNB) Rs 13,000 crore. How was a scam of this magnitude possible? Was it possible to it? How can the legal system respond to it?

Part C

Answer **both** the Questions. **Each** question carries **ten** marks.

(2Qx10M=20)

15. To make corporate governance more effective the SEBI since its setup in 1992 has taken up number of initiatives, appointed various committees and has brought amendments to the Clause 35B and the Clause 49 of listing agreement. Discuss the various initiatives taken by SEBI to install good corporate governance practices in India. How far SEBI has been able to fulfill its mandate.
16. Independent directors are a part of the audit committees of listed companies to oversee the financial reporting process and disclosure of the company's financial information, ensure compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft audit report, among other things. Elaborate upon the relevant provisions providing for appointment of Independent Directors. Are Independent Directors effective? Critically analyze.

