

Paper 4: Economic Laws (RKMJ)

Suggested Answers

New Syllabus

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1. It shall be lawful for the holder of any securities whose name appears on the books of the company to receive and retain any dividends even if the securities have been transferred by him for a consideration, unless the transferee has lodged the securities and all relevant documents with the company within 15 days of the transfer – Sections 27, 27A, 27B of the SCRA.

The period of 15 days shall be exclusive of -

Time taken by legal representatives of the transferee, if any,

Time taken for replacement of lost transfer deeds, if any,

Postal delays, if any.

However, nothing contained in the sections shall affect the company's right to pay dividends etc. when falling due, or the transferee's rights to claim dividends when a transfer is refused by the company.

2. Power to call for information – section 6

Power to direct stock exchange or company to make rules for the purpose – section 8

Power to amend bye laws of stock exchange – section 10

Power to issue directions or instructions to stock exchange or company – section 12A.

Power to inspect books of account of stock exchange or company.

3. Regulation 26(1) & (2) of the SEBI (ICDR) Regulations.

(a) Net tangible assets is Rs.3 crore or more in each of 3 preceding years of which not more than 50% is held in monetary assets.

Proviso - If more than 50% is held in monetary assets, firm commitments shall be made for utilization of the excess in the business/project.

(b) minimum average pre-tax operating profit of Rs 15 crores in at least 3 out of preceding 5 years.

(c) Net worth exceeding Rs.1 crore in each of the 3 preceding years.

(d) The aggregate of the proposed issue and all previous issues in the same financial year does not exceed 5 times the pre-issue net worth as per the audited balance sheet of the preceding financial year.

(e) If the name is changed in the last 1 year, not less than 50% of the revenue of the preceding year is earned in the new name.

An issuer not satisfying the conditions of sub reg (1) may also make an IPO if -

- issue is through book building process and
- not less than 75% of net offer to the public is made to QIBs and
- with an undertaking to refund full subscription on failure to allot to them.

4. Measures for asset reconstruction – Sec 9 SARFAESI Act

- < proper management of the business of the borrower, by change in, or take-over of the management of business;
- < sale or lease of a part or whole of the business of the borrower;
- < rescheduling of payment of debts payable by the borrower;
- < enforcement of security interest in accordance with provisions of the Act;
- < settlement of dues payable by the borrower;
- < taking possession of secured assets;
- < conversion of any portion of debt into shares of a borrower company;
- < winding-up or liquidation of the business of the borrower to realize the dues.

5. For the FY 2019-20, the individual is a person resident outside India.

Stay of more than 182 days but leaving India for employment during the FY.

Acquisition of immoveable property outside India is unrestricted.