

DIVISION - A

QUESTION : 1

Multiple Choice Questions :

(1 mark x 30 = 30 marks)

1. A person can be a director in 20 companies excluding -
 - (a) Dormant companies
 - (b) Companies licenced u/s 8
 - (c) both (a) and (b)
 - (d) None of these

2. Offences punishable with fine not exceeding _____ may be compounded by the Regional Director or any officer authorized by the Central Government.
 - (a) Rs. 5 lakh
 - (b) Rs. 2 lakh
 - (c) Rs. 1 lakh
 - (d) Rs. 50,000

3. If a One Person Company or a small company fails to comply with the provisions of section 92, section 117 or section 137, such company and officer in default of such company shall be punishable with fine or imprisonment or fine and imprisonment, as the case may be, which shall not be more than ____ of the fine or imprisonment or fine and imprisonment, as the case may be, of the minimum or maximum fine or imprisonment or fine and imprisonment, as the case may be, specified in such sections.
 - (a) One – fourth
 - (b) One – third
 - (c) one half
 - (d) two – third

4. Mr. X, a director appointed in the general meeting, died. The Board decided to fill the casual vacancy by appointing Mr. Y. As per section 161(4), the appointment of Mr.Y shall be approved by the members an immediately next general meeting. The resolution to be drafted for this purpose should contain the words : _____ the approval of the members in the immediately next general meeting.
 - (a) Pursuant to
 - (b) Subject to

- (c) Without prejudice to
- (d) Notwithstanding
5. If the Central government is satisfied that any person has accepted any article or currency or security in contravention of the provisions of the Foreign Contribution Regulation Act, 2010, it may –
- Statement (1) : Prohibit such person from paying, delivering, transferring or dealing with such article or currency or security.
- Statement (2) : Require such person to pay, deliver, transfer or deal with such article or currency or security in accordance with such terms and conditions as the Central Government may deem fit.
- (a) Only Statement (1) is correct
- (b) Only Statement (2) is correct
- (c) Both the statements are correct
- (d) None of the Statements is correct
6. Any person aggrieved by an order of confiscation made by the Court of Session, may, within ____, prefer an appeal to the High Court under Foreign Contribution Regulation Act, 2010 .
- (a) 1 month
- (b) 3 months
- (c) 60 days
- (d) 120 days
7. An application claiming relief from oppression or mismanagement can be made to the Tribunal by the members on the ground that a material change _____ in the management or control of the company and that by reason of such change, it is likely that the affairs of the company will be conducted in a manner prejudicial to its interests or its members or _____.
- (a) Is likely to take place; creditors
- (b) Has taken place; any class of members
- (c) Is likely to take place; any class of members
- (d) Has taken place ; creditors
8. The Tribunal may, with a view to bringing to an end the matters complained of in an application made to it claiming relief from oppression or mismanagement, make an order for purchase of shares of any member of the company by –
- (a) Any other member of the company
- (b) The company
- (c) Either (a) or (b)
- (d) The Central Government

9. The Tribunal may order restoration of the name of the company in the register of companies_____.
- (a) On an appeal filed by any aggrieved
 - (b) On an application made by the Registrar
 - (c) Either (a) or (b)
 - (d) On an application made by the Central Government
10. 60% of the paid – up equity share capital of ABC Inc. is held by 10 Indian citizens. ABC Inc. shall, in respect of its Indian business, comply with _____, as if it were a company incorporated in India.
- (a) Chapter XXII of the Companies Act, 2013
 - (b) Such provisions of the Act as may be prescribed by the Central Government
 - (c) Both (a) and (b)
 - (d) None of these
11. On establishment of a place of business in India, XYZ Inc. delivers for registration to the Registrar the required documents. Afterwards, some alterations are made in these documents. XYZ Inc. Is required to deliver to the Registrar for registration, within _____ of such alterations, a return containing the particulars of the alterations in Form No._____.
- (a) 15 days; FC – 1
 - (b) 30 days; FC – 2
 - (c) 7 days; FC – 3
 - (d) 60 days ; FC – 4
12. Every recognized stock exchange, in respect of which of scheme has been approved by SEBI, shall ensure that at least _____ of its equity share capital is held by the public other than shareholders having trading rights.
- (a) 51%
 - (b) 50%
 - (c) 75%
 - (d) 25%
13. As per the Regulations, Resident Foreign Management (Export of Goods & Services) Regulations, 2015 which can be made without furnishing the declaration.
- (a) Goods sent outside India for testing subject to reimport
 - (b) trade samples of goods and publicity material
 - (c) Goods imported free of cost on re export basis
 - (d) by way of gift/ goods accompanied by a declaration by the exporter than they are not more than 5 lakhs in value.

Options :

- (a) (ii)
- (b) (i) & (iii)
- (c) (ii) & (iii)
- (d) (i), (ii), (iii) & (iv)

14. **Statement (1)** : Export means the taking out of India to a place outside India any goods.

Statement (2) : Export means provision of services from India to any person outside India.

- (a) Only Statement (1) is correct
- (b) Only Statement (2) is correct
- (c) Both the Statements are correct
- (d) None of the statements is correct

15. The _____ shall be the Compounding Authority in respect of any contravention punishable under section 13, except contravention of clause (a) of section 3 of Foreign Exchange Management Act, 1999.

- (a) Special Director (Appeals)
- (b) Directorate of Enforcement
- (c) Reserve Bank
- (d) None of these

16. Section 247 applies where a valuation is required to be made in respect of _____.

- (a) Assets of a company
- (b) Liabilities of a company
- (c) Net worth of a company
- (d) Any /all of these

17. If a company fails to furnish to any member a copy of the minutes of general meeting, within _____ of request made by such member, _____ may direct the company to forthwith furnish the copy of minutes book.

- (a) 7 days; Tribunal
- (b) 30 days; Tribunal
- (c) 30 days ; Registrar
- (d) 14 days ; Central Government

18. Omnibus approval granted by the Audit Committee shall be valid for a period not exceeding _____.

- (a) 12 months
- (b) 6 months

- (c) 3 months
 - (d) None of these
19. Which of the following is not an authorised person as per FEMA, 1999?
- (a) Authorised Dealer
 - (b) Person authorised u/s 10(1) of Banking Regulation Act
 - (c) Person authorised u/s 10(1) of FEMA.
 - (d) Off- Shore Banking Unit.
20. In the case of appointment of sole or third arbitrator in an international commercial arbitration, a person
- (a) who is of the nationality of the claimant may be appointed as arbitrator
 - (b) who is of the nationality of the disputant may be appointed as an arbitrator
 - (c) who is of any nationality irrespective of the nationalities of the parties may be appointed as an arbitrator
 - (d) who is of a nationality other than the nationalities of the parties may be appointed as an arbitrator.
21. An appeal to the High Court against an order of the Appellate Tribunal shall be filed within a period of ____ from the date of communication of the order of the Appellate Tribunal under Prevention Of Money Laundering Act ,2002.
- (a) 60 days
 - (b) 45 days
 - (c) 30 days
 - (d) 15 days
22. During the course of an investigation into an offence under this Act, an application is made to a Special Court by the Investigating Officer that some evidence is required in connection with investigation into such offence and such evidence is available in any place in a contracting State. The Special Court is satisfied that such evidence is required in connection with such investigation. The Special Court _____ issue _____ to a court or an authority in the contracting State to take such steps as may be specified by the Special Court.
- (a) May; A letter of request
 - (b) Shall; A letter of request
 - (c) May, An order
 - (d) Shall, An order
23. The resolution professional shall give notice of each meeting of the committee of creditors to the operational creditors or their representatives if the amount of their aggregate dues is not less than ____ of the debt.
- (a) 5%
 - (b) 10%

- (c) 20%
- (d) 25%
24. A copy of order of dissolution made by the Adjudicating Authority shall, within _____, be forwarded to the authority with which the corporate debtor is registered under Insolvency and Bankruptcy Code 2016.
- (a) 3 days
- (b) 7 days
- (c) 14 days
- (d) 30 days
25. A dispute arose between Mr. Singh and Mr. Sharma. No procedure for appointment of arbitrator was contained in the arbitration agreement. Mr. Singh proposes Mr. A as the sole arbitrator to which Mr. Sharma does not agree. Mr. Sharma proposes Mr. Z as the sole arbitrator, but Mr. Singh does not agree. On a request made by Mr. Singh or Mr. Sharma, the appointment of arbitrator shall be made by _____, if it is a case of domestic arbitration.
- (a) The High Court
- (b) The Supreme Court
- (c) Either (a) or (b)
- (d) None of these
26. **Statement (1)** : The Arbitration and Conciliation Act ,1996 applies to the whole of India except the State of Jammu and Kashmir.
- Statement (2)** : Parts I, III and IV of the The Arbitration and Conciliation Act ,1996 Act shall apply to the State of Jammu and Kashmir only in so far as they relate to international commercial arbitration or international commercial conciliation.
- (a) Only Statement (1) is correct
- (b) Only Statement (2) is correct
- (c) Both the Statements are correct
- (d) None of the Statements is correct
27. On the receipt of an appeal, the Appellate Tribunal shall not pass _____.
- (a) An order confirming the order appealed against
- (b) An order modifying the order appealed against
- (c) An order setting aside the order appealed against
- (d) An order remanding the matter back to the Tribunal
28. Tenure of a casual vacancy director shall be until
- (a) Conclusion of next AGM
- (b) Unexpired period of the original director
- (c) For 1 year.

- (d) For 5 years.
29. Every listed entity shall, within ____ of end of ____, submit a compliance certificate to the recognized stock exchanges(s), certifying that the listed entity has ensured that all activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.
- (a) 1 month; each half of the financial year
- (b) 2 months; each half of the financial year
- (c) 1 month; the financial year
- (d) 2 months; the financial year
30. The listed entity shall update any change in the content of its website within ____ from the date of such change in content.
- (a) 2 working days
- (b) 3 working days
- (c) 5 working days
- (d) 7 working days

DIVISION - B

QUESTION : 1

- (A) State with reference to the provisions of the Companies Act, 2013 whether the following companies can make **donations (as on 1.12.2014) to political parties** and if so the conditions to be complied with in this regard :
- (i) ABCD Ltd., a Government company registered in 2009 wants to donate a sum of Rs. 10 lakhs.
- (ii) EFG Ltd., a public company registered in 2008 wishes to contribute a sum of Rs. 5 lakhs.
- (iii) RST Ltd., a company incorporated in the year 2014, decides to contribute a sum of Rs. 3 lakh. **(4 Marks)**
- (B) Shareholders of Hide and Seek, Ltd. are not satisfied about performance of the company. It is suspected that **some activities being run in the name of the company are not in the interest of the company or its members.** 101 out of total 500 shareholders of the company have made an application to the Central Government to appoint an inspector to **carry out investigation** and find out the true picture. With reference to the provisions of the Companies Act, 2013, mention **whether the shareholders' application will be accepted ?** **(5 marks)**
- (C) Mr. Ravi failed to pay the penalty imposed by the Adjudicating Officer for an offence committed under Securities and Exchange Board of India Act, 1992. After the penalty has become due, Mr. Ravi, **otherwise than for adequate consideration, transferred his residential property to his sister and the fixed deposits with banks in favour of his minor son.** The minor son has become major and deposits continue to be held by his sone.

With reference to the provisions of **SEBI Act, 1992** discuss,

- (i) Whether the residential property and fixed deposits with banks can be attached by the Recovery Officer for the purpose of recovering the penalty ?
- (ii) Whether the Recovery Officer can seek assistance of local district administration for attaching the property? **(5 marks)**

QUESTION : 2

(A) What is meaning of “financial asset” as per “SARFAESI Act , ”? **(6 marks)**

(B) The **composition of the Board of Directors** of a listed public company as on 31.03.2017 comprised (i) Mr. A, Director (ii) Mr.B, Director (iii) Mr. C, Director (iv) Mr. D, Director (v) Mrs. E, Independent Director (vi) Mr. F, Independent Director and (vii) Mr. G, Independent Director.

Mr. D & Mrs. E vacated their office of director on 15.04.2017.

You are required to examine with reference to the provisions of the Companies Act, 2013 and **what course of action would you suggest which can be taken up by the company in this regard ?** **(8 marks)**

QUESTION : 3

(A) Mr. Sane, an Indian National desires to obtain Foreign Exchange for the following purposes:

- (i) Remittance of US Dollar 50,000 out of winnings on a lottery ticket.
- (ii) US Dollar 1,00,000 for sending a cultural troupe on a tour of U.S.A.

Advise him whether he can get Foreign Exchange and if so, under what conditions?

(4 marks)

(B) Mr. Gopi is the managing director of LGB Limited. The company wants to vacate the post of managing director on March 31, 2018 and appoint Mr. Lakshmikant in place of Mr. Gopi due to hands on experience and better track records. The tenure of appointment of Mr. Gopi is upto 30th June, 2022 with the condition that he will get compensation in case of early vacation of his office due to the company's requirements. Mr. Gopi was drawing following **remuneration** during the last five financial years :

| Financial Year | Remuneration (Rs. In Lakhs) |
|----------------|-----------------------------|
| 2013 – 14 | 30 |
| 2014 – 15 | 35 |
| 2015 – 16 | 40 |
| 2016 – 17 | 45 |
| 2017 – 18 | 50 |

Mr. Gopi approaches you to know the **amount of compensation he will be eligible to get from LGB Limited** as per the provisions of the Companies Act, 2013, Advise.

What will be your answer if a person is **only an ordinary director but neither the managing director not a whole time director nor a manager** of the company ?

(6 marks)

- (C) Robertson Ltd. is a company registered in Thailand. Although, it has no place of business established in India, yet it is doing online business through telemarketing in India. **Whether it will be treated as a Foreign Company under the Companies Act, 2013 ? Explain.**

(4 marks)

QUESTION : 4

- (A) In the annual general meeting of XYZ Ltd, while discussing on the matter of retirement and reappointment of director Mr. X, allegations of **fraud and financial irregularities were leveled against him by some members.** This resulted into chaos in the meeting. The situation was normal only after the chairman declared about **initiating an inquiry against the director.** Mr. X, however, could not be reappointed in the meeting. The matter was published in the newspapers next day. On the basis of such news, **whether the court can take cognizance of the matter** and take action against the director on its own?

Justify your answer with reference to the provisions of the Companies Act, 2013.

(4 marks)

- (B) 'Manav Kalyan', a **charitable organization,** opened a current account with M/s ABZ Bank on 1st July, 2012. This account was closed on 30th June, 2016. Referring to the Obligations of banking companies under the **Prevention of Money Laundering Act, 2002,** specify the **period up to which the said bank has to maintain records** relating to the account of 'Manav Kalyan'.

(4 marks)

- (C) Best Bank, a financial creditor sent a demand notice for a claim of Rs. 10.2 crores on XYZ Limited, a corporate debtor on 6th February, 2018. When the **petition was filed before NCLT under Insolvency and Bankruptcy Code, 2016,** Best Bank claimed that the XYZ Limited has defaulted Rs. 29.8 crores instead of original amount of Rs. 10.2 crores. NCLT appointed an interim insolvency resolution professional. XYZ Limited made an appeal with NCLAT demanding that the Best Bank's claim is not maintainable as there is a **difference in the amount mentioned in the demand notice and the application filed under the Code.** Decide whether the **contention of XYZ limited** is correct. Also, state **who can file Corporate Insolvency Resolution Process under the Code ?**

(6 Marks)

QUESTION : 5

- (A) Ram and Shyam entered into an agreement to refer a **dispute relating to genuineness** of a will to **arbitrator.** In spite of this Shyam commenced proceedings relating to the dispute in the district court of competent jurisdiction. Ram, therefore, submits an application for stay of **legal proceedings under the Arbitration and Conciliation Act, 1996.** 'Will he succeed ?

(3 marks)

- (B) **Complaints of unethical practices** have been received against members of the governing body of a **recognized stock exchange.** Examine whether the **Government has any power to take action** against the governing body of the said exchange.

(5 marks)

- (C) Examine the provisions of the Companies Act and decide whether the following debts of a company under the winding up shall be 'Preferential payments' and shall be paid in priority to the claim of unsecured creditors :
- (a) Wages amounting to Rs. 30,000/- (Rupees Thirty thousand) only of employees for services rendered for a period of a 8 months within the preceding 12 months next before the relevant date.
 - (b) Rs. 1 lac due to an employee from Provident Fund and Rs. 50,000/- towards gratuity.
 - (c) Rs. 20,000/- payable by the company on account of expenses incurred in respect of investigation held under Section 213 of the Companies Act, 2013.

(6 marks)

QUESTION : 6

- A. MNC Ltd., a company, whose paid up capital was Rs. 4.00 Crores, has issued right shares in the ratio of 1:1. The said company is listed with Mumbai Stock Exchange. Whether the company is required to appoint any Audit Committee and if yes, draft a suitable Board Resolution to appoint an Audit committee covering the aspects as provided in the Companies Act, 2013. **(8 Marks)**
- B. (i) What are the possible actions which can be taken against persons / properties involved in Money Laundering? **(3 Marks)**
- (ii) Discuss the process of appointment of resolution professional by the Committee of creditors under the IBC, 2016. **(3 Marks)**