

TOPIC : FULL

DIVISION A : MULTIPLE CHOICE QUESTIONS (TOTAL OF 30 MARKS)

All questions are compulsory

Integrated Case Scenario 1

1. Global Trade and Securities (India) Limited (GTSIL) is a listed company having been listed at BSE and NSE. It was incorporated around four and a half years back in June, 2016 and has its registered office at Connaught Place, New Delhi. The authorized and paid – up share capital of the company is Rs. 25.00 crore.

GTSIL is duly registered with the Securities and Exchange Board of India (SEBI) for providing merchant banking services. The company offers a varied range of services including issue management, handling of buy – back of shares, debt and equity syndication, mergers and acquisitions, listing and delisting, etc. GTSIL is a well – established and reputed name among the regulatory authorities, Government Agencies, law firms, share – brokers, mutual funds, banks and other prominent organisations.

The company is being managed by nine Directors out of which three are independent Directors. Of the other non – independent six Directors, two are non – executive. The four executive Directors. i.e. Skand, Srishit, Rina and Rohan are energetic, young and dynamic professionals with vast experience in the field of merchant banking. In the current Financial Year 2020 – 21, a chance scrutiny of accounts revealed that during the last financial year, by oversight, Rohan, who head the new issue division of the company, had drawn remuneration in excess of the limit provided by the relevant provisions of law.

The shareholding base of the company is quite wide and therefore, the number of small shareholders having stake in the company is substantial. It so happened that some of them wished to appoint Mukund, a seasoned finance professional, as small shareholders’ Director on the Board of the company. After due process, Mukund was appointed by the company as Director to represent small shareholders.

During the financial year 2019 – 20, the profits of the company rose by around 7.00 crore in comparison to the previous year and therefore, a rise in the dividend per share was expected to be approved in the AGM. Accordingly, a dividend of Rs. 6 per share was declared as against Rs. 4 per share in the preceding year and the same was approved at the AGM held on 25.09.2020 through video conferencing as permitted by MCA General Circular 20/2020 dated 05.05.2020.

It is a proven fact that PESTEL analysis (i.e. analysis of political, economic, social, technological, environmental and legal factors affecting organizations) has always been a critical aspect for the success of any organization. Keeping this crucial fact in view, the Directors of the company desiring to improve political understanding, after following the due procedure of law in this respect, made one – time political contribution of certain amount in the current Financial Year to Public Vikasheel Dal which is one of the prominent political parties of the country duly registered under Section 29A of the Representation of the People Act, 1951.

1.1 According to the case scenario, small shareholders got appointed Mukund as small shareholders' Director on the Board of the company. By choosing the correct option, state as to the minimum number of small shareholders who might have assembled together to get Mukund appointed as Director to represent them.

- (a) The minimum number of small shareholders must have been not less than one thousand or one – tenth of the total number of such shareholders whichever is lower.
- (b) The minimum number of small shareholders must have been not less than one thousand or one – tenth of the total number of such shareholders whichever is higher.
- (c) The minimum number of small shareholders must have been not less than one thousand or one – fifth of the total number of such shareholders whichever is lower.
- (d) The minimum number of small shareholders must have been not less than one thousand or one – fifth of the total number of such shareholders whichever is higher.

1.2 From the case scenario it is evident that the company made political contributions of certain amount to Public Vikasheel Dal, a prominent political party of the country. As the company is in existence for less than five years, how much amount it might have contributed to the political party in question.

- (a) Any amount as approved by the Directors.
- (b) Any amount within the limit of 5% of the average net profits of the last three years.
- (c) Any amount within the limit of 7.5% of the average net profits of the last three years.
- (d) Political contribution made by the company is invalid as it is yet to complete five years of its existence.

1.3 The above case scenario states that Mukund was appointed as small shareholders' Director on the Board of the company. To be A Director of the small shareholders, what is the nominal value of shares which such Director is required to own :

- (a) Such Director is required to own shares of the nominal value of Rs. 20,000 in the company prior to his appointment as small shareholders' Director.

- (b) Such Director is required to own shares of the nominal value of at least Rs. 10,000 in the company prior to his appointment as small shareholders' Director.
 - (c) Such Director is required to own shares of the nominal value of at least Rs. 5,000 prior to his appointment as small shareholders' Director.
 - (d) Such Director is not required to own shares of any nominal value in the company prior to his appointment as small shareholders' Director.
- 1.4 In this case scenario, the name of the company includes the word 'India'. In case a company is desirous of including the words 'British India' in its name, which of the following options is applicable :
- (a) For including 'British India' in its name, such company must be incorporated with minimum Authorised Capital or Rs. 50,00,000.
 - (b) For including 'British India' in its name, such company must be incorporated with minimum Authorized Capital of Rs. 75,00,000.
 - (c) For including 'British India' in its name, such company must be incorporated with minimum Authorized Capital of Rs. 100,00,000.
 - (d) None of the above.
- 1.5 The above case scenario reveals that Rohan, one of the Directors, had drawn remuneration in excess of the limit prescribed by the relevant provisions. As regards recovery of the excess remuneration drawn by him, which of the following options is applicable :
- (a) The company shall not waive recovery of excess remuneration paid unless approved by a special resolution within one year from the date the sum becomes refundable.
 - (b) The company shall not waive recovery of excess remuneration paid unless approved by a special resolution within two years from the date the sum becomes refundable.
 - (c) The company shall not waive recovery of excess remuneration paid unless approved by the Central Government.
 - (d) The company shall not waive recovery of excess remuneration paid unless approved by a special resolution within three years from the date the sum becomes refundable.

(5 × 2 = 10 MARKS)

Integrated Case Scenario 2

RATA Motors is a leading global automobile manufacturing company listed on Bombay Stock Exchange. Its diverse portfolio includes an extensive range of cars, sports utility vehicles, trucks, buses and defence vehicles. Rata Motors is one of India's largest OEMs offering an extensive range of integrated, smart and e – mobility solutions.

RATA Motors is planning for expansion in India and overseas. It made a proposal with Jupiter Mauritius LLP, registered under the provisions of LLP Act of Mauritius and Pluto LLP, registered under per the provisions of Limited Liability Partnership Act, 2008, for merger with RATA Motors. It also proposed to Mars Ltd., listed on Kolkata Stock Exchange, having a paid up share capital of Rs. 8 crore, engaged in the business of tyres manufacturing and distribution, for merging with it. RATA Motors called a Board Meeting to draft the agreement for merger of the aforesaid LLPs and Mars Ltd.

During the Board Meeting, Mr. Rakesh, the Director of RATA Motors pointed out that Mr. Bhaskar, the Director of RATA Motors, is holding Directorship in 21 companies, out of which 11 are private companies, including Bright Pvt. Ltd., a subsidiary of Mars Ltd. and 10 public companies. The Board asked Mr. Bhaskar to resign his office in the company or in other company in which he is a Director, as per section 168 of the Companies Act, 2013. Mr. Bhaskar averred that he has not violated the provisions of section 165 as out of 11 private companies, Boost Pvt. Ltd. is a dormant company and out of 10 public companies, in Dull Ltd., he has been appointed as an alternate Director. As per section 165 of the Companies Act 2013, dormant company is not included within the limit of holding of Directorship in companies. He further added that, in no way, he has violated the provisions of section 165 and in fact he is eligible to be appointed in one more public company, as the alternate Directorship is not included in the threshold of 20 companies. He told the Board that, still if, RATA Motors wants to remove him from his Directorship, it can do so, but he is not going to give resignation in any other company as a Director. The Board of Directors agreed with Mr. Bhaskar's averments and dropped the plan of asking him to resign under section 168 of the Companies Act, 2013 or moving a resolution for his removal under section 169 of the Companies Act, 2013.

The paid up share capital of RATA Motors is Rs. 9 crore consisting of 900 members. It called the meeting of the members for the merger of Mars Ltd. The meeting was attended by 440 members in person, 60 members appointed proxies to attend and remaining 400 members holding Rs. 1.50 crore shares were absent. 320 members representing shares of Rs. 5.35 crore and 60 proxies representing shares of Rs. 2.1 crore, present in the meeting voted in favor of the scheme. The company Mars Ltd. was successfully amalgamated with RATA Motors as per the relevant laws applicable. Many officers, Directors and employees of the transferee company, Mars Ltd., lost their office after the amalgamation. Mr. Ram, the Managing Director, Mr. Laxman the Whole Time Director and Mr. Bharat, the part time Director of Mars Ltd. approached the company for compensation due to loss of office. However, Mr. Laxman on the basis of his merits was appointed as manager in RATA Motors. The company denied the compensation as they were not eligible for compensation as per section 202 of the Companies Act 2013. Few members of Mars. Ltd. believed that transfer of funds and assets of the company will be affecting their interest. So, 120 members out of 1500 members decided to file an application before NCLT.

2.1 Whether the decision of Board of not moving the resolution for removal of Mr. Bhaskar is valid ?

- (a) Yes, because as per the provisions of section 165, alternate Directorship is not included in 20 companies.
- (b) Yes, because Directorship in dormant company shall be excluded while calculating the limit of 20 companies as per section 165 of the Companies Act 2013.
- (c) No, because he can hold Directorship in maximum 10 public companies.
- (d) Yes, because he holds Directorship in 20 companies whether it being public or private company.

- 2.2 Whether Mars Ltd. is correct, for not giving compensation for loss of office to its aforesaid Directors ?
- (a) Yes, compensation for loss of office is not available in case of amalgamation or reconstruction.
 - (b) No, Mr. Ram and Mr. Laxman are eligible for compensation as per section 202 of the Companies Act, 2013.
 - (c) No, only Mr. Ram is eligible for compensation as per section 202 of the Companies Act, 2013.
 - (d) No, Mr. Ram and Mr. Bharat are eligible for compensation.
- 2.3 Choose the correct statement : -
- (a) Jupiter Mauritius LLP can amalgamate with RATA Motors because section 234 of the Companies Act permits foreign LLP to merge with the company.
 - (b) Pluto LLP and Jupiter Mauritius LLP can amalgamate with RATA Motors. Because they do not come under the definition of company.
 - (c) Pluto LLP can amalgamate with RATA Motors even after registered as a company under section 366 of the Companies Act, 2013.
 - (d) Jupiter Mauritius LLP can amalgamate with RATA Motors because as per section 366 companies capable of being registered do not include foreign limited liability partnership.
- 2.4 Whether the approval of the members for the merger of Mars Ltd. is valid or not ?
- (a) Yes, as the majority of persons representing required value of shares was present and voted in the meeting has approved the arrangement.
 - (b) No, as the majority of the members did not vote in favor because proxies will not be included while calculating the votes.
 - (c) No, the majority who voted in the meeting should represent more than 90% of the total value of shares as per the requirements of the Companies Act 2013.
 - (d) No, the majority of the members have not voted in the meeting because out of 900 members only 380 members have voted in favor.
- 2.5 whether the petition filed by the members of Mars Ltd. to NCLT will be maintainable assuming the proposal made by RATA Motors to Mars Ltd. was a takeover offer and not merger offer ?
- (a) Yes, because more than 100 members can apply for oppression and mismanagement.
 - (b) No, because less than $1/10^{\text{th}}$ of total number of members have applied
 - (c) Yes, because 100 members or $1/10^{\text{th}}$ of total number of members, whichever is lower has applied
 - (d) No, because members of Mars Ltd. cannot file a case for redressal of their grievances to NCLT in case of takeover offer

(5 × 2 = 10 MARKS)

Independent MCQ's

1. The Registrar of Companies (RoC), Mumbai has moved an application under section 272 of the Companies Act, 2013 to the Tribunal for winding up of the Yoddha Company Limited. The application has been pending before the Tribunal. The Tribunal considering the best interest of the parties to the application, has referred the matter of the proceeding pending before it to the Mediation and Conciliation Panel formed under section 422 of the Companies Act, 2013. You are required to state whether Tribunal can refer the proceeding pending before it to the Mediation and Conciliation Panel considering the provisions of the Companies Act, 2013.
 - (a) The Tribunal can Suo moto refer any matter pertaining to such proceedings to the Mediation and Conciliation Panel.
 - (b) The Tribunal cannot Suo moto refer any matter pertaining to such proceedings to the Mediation and Conciliation Panel as only Central Government has the authority do so.
 - (c) The Tribunal cannot suo moto refer any matter pertaining to such proceedings to the Mediation and Conciliation Panel without the consent of the parties to the proceeding before it.
 - (d) The Tribunal can Suo moto refer any matter pertaining to such proceedings to the Mediation and Conciliation Panel only after obtaining prior approval from the Central Government in this regard. **(1 Mark)**

2. Mr. Derek, a majority shareholder represented himself to be Managing Director of Floyd Ltd., and discharged the functions of the Managing Director. However, he was not appointed as Managing Director of the Company. A group of 7 members, holding $1/12^{\text{th}}$ of issued share capital, which amounted to $1/10^{\text{th}}$ of paid up capital of the company filed an application with the NCLT claiming that such an act of Mr. Derek was an act of oppression. The total no of members of Floyd Ltd. are 72. Which of the following statement is most appropriate ?
 - (a) The members cannot file an application with NCLT as the strength of members is less than $1/10^{\text{th}}$ of total no of members of the company. However, on filing application to NCLT, the NCLT may allow the application to be filed even with fewer number of members.
 - (b) The members cannot file an application with NCLT since the members hold less than $1/10^{\text{th}}$ of the issued share capital of the Company.
 - (c) The members cannot file an application with the NCLT since the given fact pattern does not comprise oppression.
 - (d) The members hold more than $1/10^{\text{th}}$ of the paid up share capital of the company. Hence they can file an application with the NCLT. **(1 Mark)**

3. The time limit within which the representation if any, of Sectoral regulators shall be made within ____ from the date of receipt of Notice of the meeting to be called, held and conducted by the Tribunal
 - (a) 45 days
 - (b) 30 days
 - (c) 60 days
 - (d) 90 days**(1 Mark)**

4. A group of creditors of X Limited makes a complaint to the Registrar of Companies. They asserted that the management of the company is indulged in destruction and falsification of the accounting records of the company. The complainants request the Registrar to take immediate steps to stop the management to tamper with the records. The complaint was received in the morning on 1st January 2019 and the ROC entered the premises within half an hour for the search. The course of action that can be taken by Registrar are :

- (a) Registrar may enter and search the place where such books or papers are kept and seize them.
- (b) Registrar may enter and search the place where such books or papers are kept and can seize only after obtaining an order from the special court.
- (c) Registrar may enter and search the place where such books or papers are kept only on the order of the NCLT.
- (d) Registrar may enter and search the place where such books or papers are kept and give an opportunity to the company to represent why such documents may not be seized. **(2 Marks)**

5. Go Dairy Company Limited, a public company incorporated under the Companies Act, 2013 is into the business of selling dairy products through online mode. Mr. Dhaval is holding the position of the Whole Time Director in the Company. During the financial year ended March 2020, the office of Mr. Dhaval got vacated on attracting disqualifications under section 164 of the Companies Act, 2013. You are required to advise how shall be board of Directors fill the vacancy of Mr. Dhaval considering the provisions of the Companies Act, 2013 ?

- (a) The vacancy shall be filled by the Board at a meeting of the Board within a period of three months from the date of such vacancy.
- (b) The vacancy shall be filled by the Board at a meeting of the Board within a period of six months from the date of such vacancy.
- (c) The vacancy shall be filled by the Board at a meeting of the Board within a period of two months from the date of such vacancy.
- (d) The vacancy shall be filled by the Board at a meeting of the Board within a period of one month from the date of such vacancy. **(2 Marks)**

6. HCQ Pharma Ltd. a company listed with the Bombay Stock Exchange incorporated on January 20, 2002. The Directors of the company want to appoint Mr. Sanjay who is a Managing Partner of Sanjay and Associates LLP, firm of Lawyers, as an Independent Director of the Company at the AGM to be held on April 25, 2020. Mr. Sanjay is acting as a legal advisor to Genesis Laboratory Ltd., Associate Company of HCQ Pharma Ltd. Adv. Sanjay charged consultation fees as given below.

Year	Fees	Gross turnover of Sanjay and Associates
2017 – 18	2,00,00,000	40,00,00,000
2018 – 19	10,00,00,000	50,00,00,000
2019 – 20	0	45,00,00,000

Identify the correct statement from the following :

- (a) HCQ Pharma Ltd. can appoint Mr. Sanjay as an Independent Director irrespective of the fact that he is Legal Advisor to its Associate Company.

- (b) HCQ Pharma Ltd. cannot appoint Mr. Sanjay as an Independent Director as he is Managing Partner of the firm which is legal advisor to its Associate Company irrespective of the amount of fees charged by the firm to its Associate company.
- (c) HCQ Pharma Ltd. cannot appoint Mr. Sanjay as an Independent Director as he is Managing Partner of the firm which is legal advisor to its Associate Company the fees charged by the firm exceeds the percentage as specified in the act during one out of the three immediately preceding financial year.
- (d) HCQ Pharma Ltd. can appoint Mr. Sanjay as an Independent Director even though he is the Managing Partner of the firm which is legal advisor to its Associate Company as the firm did not charge any fees during immediately preceding financial year. **(1 Mark)**

7. B Limited issued 8% debentures on 01/04/2018 (interest payable half yearly on 30th of September and 31st of March) for Rs. 50,00,000. Mr. DT was duly appointed as Debenture Trustee to the issue and security interest was created in his favour. The company failed to pay interest for two consecutive times (i.e. on 31/03/2019 and on 30/09/2019). Mr. DT issued a notice to the company to make payment of the outstanding interest. No response was heard from the company even after 3 months. The debenture holders decided to enforce security interest as per SARFAESI Act, 2002. Another notice was hence issued by Mr. DT under section 13 demanding full payment of interest within 60 days from the date of issue of the notice. B Limited replied to the second notice within 15 days stating that it was facing a "Cash crunch situation". But the debenture holders opine that the default is willful and good amount of cash profits are being made by the company in its operations. Mr. DT communicates back that the reasons given by the company were not acceptable and that the company's representation is rejected by him. Advise, in light of the provisions contained in the SARFAESI Act, 2002 the steps that B Limited can take :

- (a) To prefer appeal under section 17 to the Debts Recovery Tribunal against the rejection by Mr. DT of the company's representation.
- (b) To ignore the notice sent by Mr. DT, since it is not legally binding on B Limited at all.
- (c) First communicate back to Mr. DT that the representation of B Limited cannot be legally rejected and doing so will enable B Limited to file an appeal with Debts Recovery Tribunal. After so communicating, if the representation is still rejected by Mr. DT, appeal is to be filed.
- (d) None of the above is correct. **(1 Mark)**

8. New Era Financial Services Limited is registered with Reserve Bank of India. It defaulted in the payment of dues to its catering contractor. Is it possible for the contractor as an operational creditor to initiate insolvency process against the company :

- (a) Yes, the catering contractor as operational creditor is entitled to initiate insolvency process.
- (b) No, because financial service providers are excluded and therefore, catering contractor as operational creditor is not entitled to initiate insolvency process.

- (c) Yes, because financial service providers are not excluded and therefore, catering contractor as operational creditor is entitled to initiate insolvency process.
- (d) No, because catering service provider is an excluded service. **(1 Mark)**

Division B : Descriptive questions (70 Marks)

Question No. 1 is compulsory. Attempt any **four** questions out of the remaining **Five** questions.

1.(a) Decide in the light of the Companies Act, 2013, on the following proposals of loans for consideration before the Honesty Ltd. **(6 Marks)**

- (1) Loan to its director, Mr. A for construction of residential house as a personal loan.
- (2) Loan to Mr. B, its whole time Director.
- (3) Loan to X Ltd. in the ordinary course of business and the rate prescribed is not less than bank rate prescribed by the reserve bank.

(b) Examine the following situations in the light of the relevant provision of the Companies Act, 2013 :

- (1) The Board of Director of ABC Ltd. declared interim dividend for the current financial year 2020 – 2021. The proposal of dividend declaration was accepted at the meeting and dividend was declared. However, due to some reasons, the company failed to pay the dividend to the shareholders within prescribed period. Mr. futuristic, a director on the board of this company, had offer of appointment in other company PQR Ltd. He wishes to take up the post in the appointed company. Discuss on the appointment of Mr. Futuristic in PQR Ltd.
- (2) Mr. Talented was a director in a holding company and also in its subsidiary company. He was drawing his managerial remuneration from both the companies in his capacity as a director. It was brought to the attention of the company that he cannot draw remuneration from both the companies because of virtue of relationship as a holding and subsidiary company. Discuss on the legality of drawing managerial remuneration by Mr. Talented from both the companies.

2.(a) A group of members holding 380 lakh issued share capital in Zolo Ltd., a listed public company having total issued share capital of 15,000 lakhs as per latest financial statements alleged that company board of director is conducting an act which is beyond the scope of the articles or memorandum of the company without altering the memorandum or articles of the company. They make application to tribunal (NCL) to restrain the company from doing such an act. With reference to the provision of Companies Act, 2013 ascertain whether the application will be admitted by tribunal (NCLT). **(8 Marks)**

- (b) Milap Limited, a company incorporated in India, has obtained consultancy services from an entity based in France for setting up the software programme in their company. The consideration for such services is required to be paid in foreign currency. The compliance officer of Milap Limited requires your advice regarding threshold limit of remittance that can be made without prior approval of RBI. You as a qualified Chartered Accountant are required to advise the compliance officer considering the provisions of Foreign Exchange Management Act, 1999 and regulations thereunder :

(6 Marks)

- 3.(a) XYZ Limited is being wound up by the tribunal. All the assets of the company have been charged to the company's bankers to whom the company owes Rs. 5 crores. The company owes following amounts to others :

- Dues to workers – Rs. 1,25,00,000
- Taxes Payable to Government – Rs. 30,00,000
- Unsecured Creditors – Rs. 60,00,000

You are required to compute with the reference to the provision of the Companies Act, 2013 the amount each kind of creditors is likely to get if the amount released by the official liquidator from the secured assets and available for distribution among creditors is only Rs. 4,00,00,000/-

(8 Marks)

- (b) Mr. 'B' purchased a flat out of the proceeds earned by Drug Trafficking. The flat was attached by the Director, Enforcement Directorate after complying the procedures under Section 5 of the Prevention of Money Laundering act, 2002. Mr. 'B' got a stay from the High Court for any proceedings under the said Act. The stay was subsequently vacated.

State the relevant provisions of the PMLA, 2002 for computing the period provisions attachment including extension, if any.

Whether Mr. 'C', son of Mr. 'B' can occupy the flat during the period of provisional attachment ?

(6 Marks)

- 4.(a) Securities and Exchange Board of India (SEBI) has undertaken inspection of books of accounts and records of LR Ltd., a listed public company. Specify the measures which may be taken by SEBI under the Securities and Exchange Board of India Act, 1992 to protect the interest of investors and securities market, on completion of such inquiry.

(8 Marks)

- (b) AWP Limited defaulted in repayment of a term loan taken from a Nationalized Bank against the security created as first charge on its Land & Buildings. The Bank classified the debt from AWP Limited as Non – Performing Asset. The Bank issued Notice pursuant to Section 13 of the SARFAESI Act, 2002 to the Company to discharge its liabilities in full within a period of 60 days from the date of Notice. The company objected for full settlement and the time limit for settlement. The Bank did not respond to the objection of the company. In the light of the provisions of the SARFAESI Act, 2002 decide :

- (i) Whether the objection of the Company is valid ?
- (ii) Whether the Bank has to respond to the objection of the Company ?
- (iii) Whether the Bank has right to enforce the security interest without the intervention of the Court ? **(6 Marks)**

5.(a) Radix Ltd. is a company registered in Thailand, Although, it has no place of business established in India, yet it is engaged in online business through remote delivery of healthcare services in India. State the legal position as to the nature of the Radix Ltd. as a foreign company in the light of the Companies Act, 2013. **(8 Marks)**

(b) The following particulars relate to Star House (P) Limited which has gone into Corporate Insolvency Resolution Process (CIRP) : On the basis of the information, lay down the priority order in which the liquidator shall distribute the proceeds under the Insolvency & Bankruptcy Code, 2016.

S. No.	Particulars	Amount in (Rs.)
1.	Amount realized from the sale of liquidation of Assets	7,00,000
2.	Secured Creditors who has relinquished the security	2,50,000
3.	Unsecured Financial Creditors.	2,00,000
4.	Income Tax Payable within a period of two years preceding the liquidation commencement date.	25,000
5.	Cess Payable to State Government within a period of one year preceding the liquidation commencement date.	10,000
6.	Fees payable to resolution professional.	37,500
7.	Expenses incurred by the resolution professional in running the business of M/s. Star House (P) Limited on going concern.	17,500
8.	Workmen salary payable for a period of thirty months preceding the liquidation commencement date. The workmen salary is equal per month.	1,50,000
9.	Equity Shareholders.	5,00,000

(6 Marks)

6.(a)(i) 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 levelled 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 re – appointed 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)

(ii) The members of EBX Limited decided to pass a resolution for appointing Mr. S as an Independent director of the company. Draft a specimen resolution to be passed at the said meeting. **(4 Marks)**

(b) (i) Explain the time limit for completion of the Corporate Insolvency Resolution Process ? **(3 Marks)**

(ii) The Adjudicating Authority appointed under the Prevention of Money Laundering Act, 2002 issued an order attaching certain properties of XYZ Limited alleged to be involved in money laundering for a specified period. The company aggrieved by the order of the Adjudicating Authority seeks your advice about the remedy that is available under the Act. Advise explaining the relevant provisions of the Prevention of Money Laundering Act, 2002.

(3 Marks)