

Sample 2

Paper 4: Corporate and Allied Laws/ Corporate and Economic Laws

1. Mayur Textiles Private limited was incorporated on 23rd October, 2017. As per the compliance requirement, Company shall hold its annual general meeting(AGM) within 9 months from the date of closure of financial year and file financial statements with MCA within due date. What is the due date for holding a Board meeting for approval of financial statements?

- a) 30th September, 2018 ;
- b) 30th December, 2018;
- c) 31st December, 2018;
- d) 31st March, 2019;

2. Mr. Narayan Shastri was appointed as an Additional Director of XYZ Limited in July, 2015. Immediately after his appointment in July, 2015, on behalf of the Company he entered into an agreement with NY Private Limited for supplies of raw material. Later he was regularized as a Director in ensuing annual general meeting. In 2016 he signed Contract with Laxmi vendors. At the end of year, in December 2016, management came to know that his appointment was not valid as he was disqualified to act as a Director of any Company. He signed one more agreement in January 2017 with Saraswati vendors. In such scenario, what will be the status of contract/agreements he signed on behalf of XYZ Limited?

- a) All agreement/ contracts will become invalid;
- b) All agreement/ contracts will be valid;
- c) All agreement/ contracts before December 2016 will be valid;
- d) All agreement/ contracts before December 2016 will be invalid;

3. Nayal OPC was incorporated in 2014. Company's first financial statements were closed on March 2015. Just like any other company, Nayal OPC has to file its financials statements with registrar. Within how much time from closure of accounts, Nayal OPC has to do such filing?

- a) 3 months
- b) 6months
- c) 120 days
- d) 180 days

4. Mr. N, Managing Director resigned w.e.f. 13th March, 2014 due to preoccupation. Mr. M, Whole Time Director and Mr. O, Director, resigned w.e.f. 20th March, 2015 as a part of reconstruction of the company. Mr. M and Mr. O made an application to the Board for compensation for loss of office. When Mr. N came to know that he also asked for compensation. Who will be eligible for such compensation?

- a) Mr. N;
- b) Mr. M;
- c) Mr. N & Mr. M;
- d) Mr. M & Mr. O;

5. Mr. A is an independent director and he wants to appoint an alternate director as he is leaving country for few months. Which one of the below can be appointed as his alternate director? (4 marks)

- a) Mr. B who is an Alternate Director for Mr.X;

- b) Mr. C who is qualified to be appointed as independent Director;
- c) Mr. D who is qualified to be appointed as executive Director;
- d) Mr. E who is ready to be appointed an Alternate Director for 1.5 months;

6. XYZ Limited Company needs to appoint an independent Director of the company. The company has a gold jewellery business. Company shortlisted Mr. Bajaj, Mr. Dharamdas and Mr. Anmol Parekh for the vacant post. Mr. Bajaj was an auditor of the subsidiary company of the XYZ Limited Company. But he resigned from his post two years ago. Mr. Dharamdas who is a professional goldsmith and has an experience of more than 20 years. Mr. Anmol Parekh has a pecuniary relation with the promoters, 3 years preceding the current financial year. Who can be appointed as an Independent Director from the above mentioned people?

- a) Mr. Bajaj
- b) Mr. Dharamdas
- c) Mr. Anmol Parekh
- d) Mr. Dharamdas and Mr. Anmol Parekh

7. AB Institute is authorised by Central government to maintain the databank of preceding Directors. The institute has prepared list of 32 independent directors who can be appointed by the companies. Infoline Company wants to appoint 3 Directors on the basis of this data. The Company decided to appoint the Independent Director on May 9, 2017. The next general meeting is on May 18, 2017. What is the process of appointment for the director?

- a) The appointment of the independent director shall be approved at the Board meeting of the company before May 18, 2017
- b) The appointment of the independent director shall be approved by the company in general meeting
- c) The appointment of the independent director shall be approved by the company before general meeting by May 17, 2017
- d) The appointment of the independent director shall be approved by the company within 3 months of his appointment.

8. MNO, a Public Ltd. incorporated on June 11, 2007. It selected Mr. Ajay, Mr. Rohit, Mr. Rajan and Mr. Ravi to be appointed as Director of the company in general meeting on August 15, 2007. All the four directors gave their consent by September 12, 2007. But Mr. Rajan and Mr. Rohit were not having the director identification number. They both applied for the director identification number. By what time they will be able to get their DIN?

- a) 30 days
- b) 1 month
- c) 2 month
- d) 3 month

9. Shradha Pvt. Ltd. Company is engaged in manufacturing of rubber tyres. The company was incorporated in the year 2001 with its head office located at Chennai. Mr. Rakesh Kumar was the Director of the company. He committed a fraud of around Rs. 1 Crore. He was terminated by the company for his act. After termination he shifted to Delhi. Mr. Kumar applied for a new Director Identification number with his Delhi based address. Will he be allotted a new DIN?

- a) Yes, since he changed his state so he can be allotted a new DIN by the State government
 - b) No, he cannot be allotted a new DIN because it is prohibited by the Act.
 - c) Yes, he can apply for a new DIN with the prior permission of Central government
 - d) No, he has to wait for three years before applying for a new DIN
10. Mr. X is a director of a company. He is hospitalised a day before a meeting. As per the Company Act, can Mr. X attend this meeting called for company merger via video conferencing?
- a) Yes, he can only attend the meeting
 - b) Yes, he can attend the meeting but has no right to vote
 - c) No, he cannot attend the meeting
 - d) Not Sure
11. Without the approval of Central Government a person cannot be appointed as a Manager or full time Director if he is continuous resident of India for:
- a) 3 months prior to his appointment
 - b) 6 months prior to his appointment
 - c) 8 months prior to his appointment
 - d) 12 months prior to his appointment
12. Mr. B has got his DIN allotted to him on May 6, 2017. By what date he should intimate his DIN to his Company?
- a) By June 6, 2017
 - b) By June 5, 2017
 - c) By July 6, 2017
 - d) By July 5, 2017
13. Lockworth Safety Gears Private Limited pays remuneration to its Directors on yearly basis. Company has a Whole Time Director on Board. Currently they appointed Mr. X as a Managing Director of the Company. Now Company has to keep in mind that overall remuneration to the Directors including managing director, whole time director and manager shall not exceed maximum cap limit mentioned under the act. If there is more than one managing director/whole time director/ manager, how much maximum remuneration allowed in a financial year
- a) 5% of net profits;
 - b) 10% of net profits;
 - c) 11% of net profits;
 - d) 15% of net profits;
14. XYZ, a listed Public Company, having paid up share capital of around Rs. 12 Crore. How many independent directors should be there when the total numbers of directors are 13?
- a) 2
 - b) 4
 - c) 5
 - d) 6

15. A financial creditor , FC through an assignment agreement, assigned here the debt to the X trust. X trust filed the petition for initiation of corporate Insolvency resolution process (CIRP) against Corporate debtor , CD. State the correct statement with respect to the competency of the X trust in the filing of the petition in the above situation-

- a) X Trust is not a competent applicant as per section 6 of the IBC, 2016
- b) X Trust is being authorized by the FC to file an application
- c) X Trust in the capacity of financial creditor can file a valid petition.
- d) None of the above

16. ABC, a Private Ltd., with 10 Board of directors was served notice of the board Meeting, 7 days prior to said meeting on their postal addresses. Mr. M is hospitalised due to some severe illness. Mr. Y is going to London before the Board meeting. Mr. X and Mr. B went to Australia for some company business. Mr. A is busy with his daughter's marriage and unable to attend the meeting. Mr. E's mother is hospitalised so he is busy taking care of his mother but he assures to attend the meeting via video conferencing. Mr. D and Mr. P were scheduled to arrive for the meeting at 2 pm on the same day; however the flight got delayed by 8 hours. Mr. G and Mr. H are in the town and available for the scheduled board meeting. Could the Board meeting be held?

- a) The meeting can be held in the evening and Director D & Director P can join later on
- b) The meeting cannot be held because of the quorum is incomplete
- c) The quorum is complete and the directors can proceed with the meeting
- d) Meeting is postponed.

17. Find out the correct statement?

- a) Resolution by circulation shall be deemed to have been duly passed by the board or the committee member when such resolution is passed by one third of the total majority of the member present and voting on the resolution
- b) Resolution by circulation shall be deemed to have been passed by the board or the committee, when such resolution have been circulated in draft with the necessary paper, to all the directors or member of committee and has been approved by majority ,who are entitled to vote on the resolution
- c) Resolution by circulation shall be deemed to have been passed by the board or the committee, when such resolution have been circulated in draft together with the necessary paper, to all the directors or member of committee and has been approved by two third of the majority of director who are entitled to vote on the resolution
- d) Resolution by circulation shall be deemed to have been passed by the board or the committee, when such resolution circulated in draft with the necessary paper, to all the directors or member and has been approved by two third of the majority of members who are entitled to vote on the resolution

18. Find out the correct statement?

- a) An audit committee with two third majorities of members and chairperson are required to have the ability to read and understand the financial statements.
- b) Two director and one independent director alongwith the chairperson in the audit committee shall have the ability to read and understand the financial statements
- c) Only one third member of the audit committee and its chairperson shall have the ability to read and understand the financial statements
- d) Minimum of three directors with independent directors forming a majority, constituting Audit Committee shall have the ability to read and understand the financial statements.

19. AB, a listed Company was constituted in 2012. It has 8 directors Mr. Neeraj, Mr. Kapil, Mr. Ram, Mr. Shyam, Mr. Atul, Mr. Bakshi, Mr. Raheem and Mr. Das. Out of these directors Mr. Ram, Mr. Shyam, Mr. Atul and Mr, Neeraj has a good financial knowledge. An audit committee constituted by the company included Mr. Kapil, Mr. Das, Mr. Atul and Mr. Raheem as its chairpersons. After the commencement of the Companies Act, 2013, it was required for every audit committee of a company existing before the commencement of this Act, shall be reconstituted within one year of such commencement. Find out the correct statement, in the light of the given situation?

- a) The committee needs to reconstitute as the majority members are not experienced in the field of Finance
- b) The committee needs to reconstitute as two third of its members are not experienced in the field of Finance
- c) The committee needs to reconstitute as 50 percent of its members are not experienced in the field of Finance
- d) The committee needs to reconstitute as majority of board members are not included in it.

20. Rameshwaram Pvt. Ltd. Company was incorporated on January 12, 2018. The company needs to pass a resolution for the purchase of raw material. The copy of the resolution alongwith all the necessary documents were circulated to all the directors. The company has 10 directors Mr. Ram, Mr. Kamal, Mr. Raj, Mr. Firoz, Mrs. Nupur, Mr. Bharat, Mr. Vinod, Mrs. Rekha, Mr. Kapoor and Mr. Jeevan. Mr. Raj and Mr. Ram were abroad at the time of passing the resolution. Mr. Ram, Mr. Raj, Mrs. Nupur and Mr. Kamal took objection before the chairman against the passing of the resolution and want to discuss it further in the meeting. Find out the correct statement?

- a) Since the resolution is passed by majority of the members there is no need for further discussion on it as it was duly circulated to all the directors.
- b) Mr. Ram and Mr. Raj cannot raise any objection as they were out of India while passing the resolution.
- c) The objection is sustainable as it is made by one third of the members of the board and the meeting is held for further discussion
- d) The objection is sustainable as it is made by two third of the members of the board and the meeting is held for further discussion

Answer keys to Paper 4: Corporate and Allied Laws/ Economic Laws

1	(c)
2	(c)
3	(d)
4	(b)
5	(b)
6	(d)
7	(b)
8	(b)
9	(b)
10	(c)
11	(d)
12	(a)
13	(c)
14	(c)
15	(c)
16	(b)
17	(b)
18	(d)
19	(a)
20	(c)