

Paper 4: Corporate and Economic Laws (New Syllabus)

1. ABHI Limited is a wholly owned subsidiary company of ETERNAL Limited. ETERNAL Ltd., makes an application for merger of Holding and Subsidiary Companies under the section 232 of the Companies Act, 2013. The Company Secretary of the ETERNAL Ltd., states that company cannot apply for merger under section 232 of the said Act. In fact said that the company shall have to apply for merger as per section 233 i.e. Fast Track Merger. State the correct statement in terms of the validity of the difference in the opinion of the Company secretary-
 - (a) Opinion of the Company Secretary of the ETERNAL Ltd. is valid holding that merger shall be as per section 233.
 - (b) Opinion of the Company Secretary of the ETERNAL Ltd. is invalid as merger shall be possible only as per section 232.
 - (c) Opinion of the Company Secretary of the ETERNAL Ltd. is invalid as the provisions given for fast track merger in the section 233 are of the optional nature.
 - (d) Opinion of the Company Secretary of the ETERNAL Ltd. is invalid as the provisions given for fast track merger in the section 233 can be made between only small companies.
2. Mr. Raj, a resident of India went to Australia for a business deal in January 2019. He realised foreign exchange for bearing expenses while staying there for the business purpose. After maturing the deal, he returned back to India in 28th of February, 2019. Mr. Raj was left with certain unused foreign exchange. He retained the foreign exchange with him for future use. Mr. Raj have to return the unused foreign exchange -
 - (a) Latest by 27th August 2019
 - (b) Latest by 28th August 2019
 - (c) Latest by 29th August 2019
 - (d) Latest by 31st August 2019
3. ABC and Co, the tax consultants of X Limited for which an interim resolution professional – Mr. A, has been appointed under the Corporate Insolvency resolution process has refused to furnish information to Mr. A on the grounds of client confidentiality. Are they right?
 - (a) Yes, they are right
 - (b) No, the Code provides powers to the IRP to access all information from various parties
 - (c) Partly right, they can do so only after consent of the directors
 - (d) Mr. A is not right in even asking for this information
4. Surya Ltd., incorporated and registered in New Delhi with a foreign shareholding more than 50% due to liberalisation in Foreign Direct Investment (FDI) policy. State the correct statement as to the status of the Surya Ltd.
 - (a) Surya limited shall not considered as foreign source because of its registration in India.
 - (b) Surya Ltd would be 'foreign source' have foreign shareholding more than 50% of foreign company.
 - (c) Surya Ltd would be 'foreign source' have foreign contribution through various international agencies.
 - (d) Both (b) & (c)

5. Aakaar Solar Energy Private Limited was allowed the status of a 'dormant company' after a certificate to this effect was issued on 1st July 2018 by the Registrar of Companies, Delhi and Haryana. Mention the latest date after which the Registrar is empowered to initiate the process of striking off the name of the company if Aakaar Solar Energy continues to remain as a dormant company.
 - (a) After 30th June, 2023.
 - (b) After 30th June, 2019.
 - (c) After 30th June, 2020.
 - (d) After 30th June, 2021.
6. Jupiter Shopping Mall Limited was incorporated on 3rd December, 2016. As on 31st March 2018, it had free reserves of Rs. 50.00 lacs and its Securities Premium Account showed a balance of Rs. 7.50 lacs. One of its directors Raha has a leaning towards a particular political party in which his other family members are actively involved. Raha convinced the other two directors of the company i.e. Promila and Rana to contribute a sum of Rs. 10.00 lacs to this political party. Accordingly, the Board of Directors held a meeting on 16th December, 2018 and passed a resolution to contribute the decided amount. Advise the company as to how much amount they can contribute to a political party in the FY 2018-19.
 - (a) The company cannot contribute any amount to a political party in the FY 2018-19.
 - (b) The company can contribute maximum Rs. 2.50 lacs in the FY 2018-19.
 - (c) The company can contribute maximum Rs. 3.75 lacs in the FY 2018-19.
 - (d) The company can contribute maximum Rs. 5.00 lacs in the FY 2018-19.
7. Astistav Private Limited is a company with ten shareholders. A member holding less than one-tenth of the share capital of the company apply to the Tribunal for relief against oppression and mismanagement. State whether a member have a right to apply to the tribunal in above situation:
 - (a) A single Member cannot apply to the Tribunal for relief against oppression and mismanagement
 - (b) A member cannot apply as he is holding less than one-tenth of the share capital of the company
 - (c) A member can apply being one-tenth of the total number of members.
 - (d) A member cannot apply as the requirement of atleast hundred members is not complied with.
8. Nanny Marcons Private Limited was incorporated on 9th June, 2017. For the financial year 2017-2018, it did not file its financial statements and annual returns. For the time being the company desires to be treated as 'inactive company' since it does not intend to carry on any business permitted by its Memorandum. As to when ROC can issue certificate of status of dormant company to 'Nanny Marcons' on the basis of non-submission of financial statements if the company makes an application to the Registrar in this respect.
 - (a) After non-submission of financial statements for the two financial years i.e. 2018-19 and 2019-20.
 - (b) After non-submission of financial statements for the next financial year i.e. 2018-19.
 - (c) After non-submission of financial statements for the three financial years i.e. 2018-19, 2019-20 and 2020-21.
 - (d) After non-submission of financial statements for the four financial years i.e. 2018-19, 2019-20, 2020-21 and 2021-22.

9. Mr. KG filed a complaint against Mr. P alleging that Mr. P has communicated unpublished price sensitive information to Mr. X. Mr. P took a plea that Mr. X requested him for such information and it was done bonafidely. State the correct statement as to the liability of Mr. P in the given situation-
- (a) Mr. P will not be liable as he communicated about unpublished price sensitive information on the request of Mr. X
 - (b) Mr. P will not be liable as he communicated about unpublished price sensitive information to Mr. X in the ordinary cause of business
 - (c) Mr. P will not be liable as he communicated about unpublished price sensitive information to Mr. X as it was done without any malafide intention.
 - (d) Mr. P will be liable as he communicated about unpublished price sensitive information to Mr. X, whether with or without his request for such information.
10. P Ltd. was holding 35% of the paid up equity capital of X Stock Exchange. The company appoints M Ltd. as its proxy who is not a member of the X Stock Exchange, to attend and vote at the meeting of the stock exchange. State the correct statement as to the appointment of M Ltd. as a proxy for P Ltd. and on the voting rights of P Ltd. in the X Stock Exchange:
- (a) X Stock Exchange can restrict the appointment of M Ltd., as proxy, and voting rights of P Ltd. in the Stock Exchange.
 - (b) Central Government can restrict appointment of proxies and voting rights of P Ltd. in the X Stock Exchange.
 - (c) Both (a) & (b)
 - (d) X Stock Exchange can restrict the appointment of M Ltd. & also voting rights of P Ltd. if rules of the exchange so provides. Otherwise can restrict the voting rights of P Ltd. & appointment of proxies through amendment in rules.
11. Sona Sweets Private Limited was incorporated on 5th November, 2018 with an authorised capital of Rs. 10.00 lacs. Advise regarding the latest date by which the first meeting of the Board of Directors is required to take place.
- (a) Latest by 15th November, 2018.
 - (b) Latest by 20th November, 2018.
 - (c) Latest by 5th December, 2018.
 - (d) Latest by 20th December, 2018.
12. Srishakti Homecare Limited, incorporated on 30th October, 2018, has ten subscribers to the Memorandum out of which two are private limited companies and remaining individuals. However, there is no mention in any of the documents as to who shall be the first directors. Advise the company regarding the appointment of first directors who shall manage the affairs of the company.
- (a) All the subscribers to the Memorandum shall be deemed to be the first directors.
 - (b) The two private limited companies being subscribers to the Memorandum shall decide as to who shall be the first directors.
 - (c) All the individual subscribers to the Memorandum shall be deemed to be the first directors.
 - (d) As the company requires minimum three directors, the eight individual subscribers shall choose two from among themselves and one shall be chosen by the two private limited companies from among themselves.

13. Mr. Ingenious, registered as an Intermediary, fails to enter into an agreement with his client and hence penalised by SEBI under the SEBI Act. Advise Mr. Ingenious as to what remedies are available to him against the order of SEBI.
- (a) He may be given extension on the basis of the reasonable ground for not entering into an agreement with his client
 - (b) he shall be liable to a penalty for not entering into an agreement with his client which is required under this Act.
 - (c) he shall be liable for imprisonment for not entering into an agreement with his client which is required under this Act.
 - (d) Both (b) & (c)
14. Which of the contracts in derivative are not legal and is invalid:
- (a) Contracts which are traded on a recognised stock exchange
 - (b) Contracts which are Settled on the clearing house of the recognised stock exchange in accordance with the rules and bye-laws of such stock exchange;
 - (c) Contracts which are recognized as per the notification issued by the Central Government
 - (d) Contracts which are between such parties and on such terms as the CG may, by notification in the Official Gazette, specify.
15. SEBI ordered Delhi Stock Exchange (DSE), to produce their books of accounts and audited financial statements for the period 1st April 2016 to 31st March 2018 within 30 days of the receipt of the communication by the stock exchange. The communication was received by the company on 30th April 2018 and no documents were furnished to SEBI in reply to the notice till 15th May 2018. State the consequences of not supplying the said documents to SEBI:
- (a) Period of submission of said documents may be condoned on reasonable grounds
 - (b) Show cause notice may be served why DSE not be penalized for non-submitting of the documents within the time limit.
 - (c) DSE shall punishable with a fine only
 - (d) DSE shall be punishable with fine and imprisonment both
16. 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 an 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 special court
 - (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.

17. With whom will the Central Government file an application if it is of the opinion that such a scheme is not in public interest or in the interest of the creditors?
- Cannot move an application
 - it may file an application before the Tribunal
 - it may file an application before the Parliament
 - it may be through special leave filed before Supreme Court
18. When can a winding up order not be called a notice of discharge?
- when the business of the company is continued
 - when the business of the company is closed since 2 years.
 - On the discretion of the management
 - Till the appointment of a provisional liquidator
19. In case a Valuer becomes interested in any property, stock etc. of the company, he may be appointed as Registered Valuer of the company after a cooling off period of:
- 3 years
 - 5 years
 - 1 year
 - He will never be appointed as Registered Valuer of the company
20. Any person who is aggrieved by the order of Appellate Tribunal may approach to the Supreme Court on any question of law within:-
- 30 Days
 - 45 Days
 - 60 Days
 - 90 Days

Answer Keys

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