

## MULTIPLE CHOICE QUESTIONS

1. In compliance with the Companies Act, 2013, at least one woman director shall be on the Board of the prescribed class or classes of companies. Ms. Riya is keen to seek the office of woman director in a company. Which of the following companies is mandatorily required to appoint a woman director where Ms. Riya can hold such office:
  - (a) PQR Limited, an unlisted company, whose paid-up share capital is 150 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.
  - (b) ABC Limited, a listed company, whose turnover is 150 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.
  - (c) XYZ Limited, an unlisted company, whose turnover is 350 crore rupees as per the last date of latest audited financial statements is mandatorily required to appoint a woman director.
  - (d) All of the above
2. Kutumb Agro Limited (KAL), a newly incorporated company, has not mentioned the names of the first Directors in its Articles of Association. There are eight subscribers to the Memorandum of Association including Parivaar Agro Private Limited. From the following four options, choose the one which indicates as to who shall be deemed to be the first Directors of KAL when nothing is mentioned in the Articles?
  - (a) All the eight subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.
  - (b) Except Parivaar Agro Private Limited, all other subscribers to the Memorandum of Association of KAL shall be deemed to be the first Directors.
  - (c) The shareholders shall appoint the first Directors in the General Meeting of KAL.

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- (d) Out of the eight subscribers to the Memorandum of Association, the first Directors being three individuals shall be nominated by Srinivas, the Chartered accountant who has signed the Memorandum as witness and they shall be deemed to be the first Directors of KAL.
- 3. The turnover of XYZ Components Limited as on the last date of latest audited financial statements is 400 crore rupees. An intermittent vacancy of a woman Director arose on June 15, 2021 due to the resignation of Ms. Swati. The immediate Board Meeting after the resignation of Ms. Swati was held on October 10, 2021. From the following options, choose the one which indicates the date by which the vacancy of the woman Director must be filled by XYZ Components Limited.
  - (a) July 14, 2021.
  - (b) August 14, 2021.
  - (c) September 14, 2021.
  - (d) October 10, 2021.
- 4. Amar Furniture and Fixtures Limited is a listed company engaged in the production of furniture and fittings at its factory located in Pune. There are 50,000 small shareholders of which some want to elect a small shareholders' Director so that due representation to the small shareholders is accorded by the company and the issues relating to them are resolved during the Board Meetings at the earliest. Accordingly, 750 small shareholders served a notice on the company for the appointment of Vishal, a small shareholder, who, if elected, shall hold the office of Director on behalf of the small shareholders. From the following four options, choose the one which is applicable in the given situation:
  - (a) Notice served by 750 small shareholders is valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director.
  - (b) Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint

Vishal as a small shareholders' Director only on the requisition of 1000 small shareholders.

- (c) Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director only on the requisition of 5000 small shareholders.
  - (d) Notice served by 750 small shareholders is not valid and therefore, Amar Furniture and Fixtures Limited shall appoint Vishal as a small shareholders' Director only on the requisition of 7500 small shareholders.
5. Mr. Q, a Director of PQR Limited, is proceeding on a foreign tour covering entire Europe for four months. He proposes to appoint Mr. Y as an alternate Director to act on his behalf during his absence. The Articles of Association of PQR Limited provide for the appointment of alternate Directors. Mr. Q claims that he has a right to appoint alternate Director of his choice. Which of the following options is applicable in the given situation:
- (a) Claim made by Mr. Q to appoint Mr. Y as alternate Director is valid as the Articles of Association of PQR Limited provide for such appointment.
  - (b) Claim made by Mr. Q to appoint Mr. Y as alternate Director is not valid as the authority to appoint alternate Director has been vested in the Board of Directors only and that too subject to empowerment by the Articles of Association.
  - (c) Mr. Y cannot be appointed as an alternate Director in place of Mr. Q since Mr. Q is proceeding on a foreign tour covering entire Europe for four months only which is less than the required absence of minimum six months.
  - (d) Mr. Y cannot be appointed as an alternate Director in place of Mr. Q since Mr. Q is proceeding on a foreign tour covering entire Europe for four months only which is less than the required absence of minimum nine months.

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6. Mr. Nagarjuna, one of the directors of MGT Mechanics Limited, due to his own business interests, decided to resign as director and accordingly, sent his resignation letter dated 12<sup>th</sup> June, 2021 to the company stating that he intends to resign w.e.f. 15<sup>th</sup> June, 2021. Since no communication in relation to his resignation was received from MGT Mechanics Limited, he sent an e-mail on 17<sup>th</sup> June, 2021 enquiring about the receipt of his resignation letter by the company but there was no response. However, MGT Mechanics Limited received his resignation letter on 18<sup>th</sup> June, 2021. Out of the following four options, choose the one which indicates the correct date from which his resignation will be effective:
- (a) 12<sup>th</sup> June, 2021.
  - (b) 15<sup>th</sup> June, 2021.
  - (c) 17<sup>th</sup> June, 2021.
  - (d) 18<sup>th</sup> June, 2021.
7. HCQ Pharma Ltd., a company listed with the Bombay Stock Exchange, was 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 forthcoming Annual General Meeting (AGM) to be held on September 24, 2021. Mr. Sanjay is acting as a legal advisor to Genesis Laboratory Ltd., Associate Company of HCQ Pharma Ltd. It is to be noted Adv. Sanjay charged consultation fees as given below:

| Year    | Fees         | Gross turnover of Sanjay and Associates |
|---------|--------------|---|
| 2018-19 | 2,00,00,000  | 40,00,00,000                            |
| 2019-20 | 10,00,00,000 | 50,00,00,000                            |
| 2020-21 | 0            | 45,00,00,000                            |

You are required to identify the correct statement from those given below:

- (a) HCQ Pharma Ltd. can appoint Mr. Sanjay as an Independent Director irrespective of the fact that he is Legal Advisor to Genesis Laboratory Ltd. which is 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 Genesis Laboratory Ltd., its Associate Company, irrespective of the amount of fees charged by Mr. Sanjay from 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 Genesis Laboratory Ltd., its Associate Company, and the fees charged by Mr. Sanjay exceeds the percentage as specified in the Companies Act, 2013, during one year out of the three immediately preceding financial years.
  - (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 Genesis Laboratory Ltd., its Associate Company, as Mr. Sanjay did not charge any fee during the immediately preceding financial year.
8. The Board of Directors of MNO Pharma Limited is willing to appoint Mr. R, a qualified Cost Accountant having fifteen years of rich industrial experience, as Additional Director but the Articles of Association are silent about such appointment. Mr. M, the Managing Director of MNO Pharma Limited, is of the view that the Board does not have the power to appoint an Additional Director and therefore, if any such appointment is made, it shall be invalid. From the following four options, choose the one which is applicable in the given situation:
- (a) An ordinary resolution in general meeting needs to be passed by MNO Pharma Limited for appointment of Mr. R as Additional Director.
  - (b) A special resolution in general meeting needs to be passed by MNO Pharma Limited for appointment of Mr. R as Additional Director.
  - (c) An enabling provision in the Articles of Association is needed which confers requisite power on the Board of Directors of MNO Pharma Limited for appointment of Additional Director.

- (d) The Board of Directors of MNO Pharma Limited has the power to appoint Mr. R as an Additional Director irrespective of whether any clause finds place in the Articles of Association for such appointment or not.
9. Mr. Z is proposed to be appointed as the Director in RLP Mechanics Limited. It is noteworthy that Mr. Z already holds directorship in one dormant company, two Section 8 companies, eight public limited companies and nine private limited companies. However, out of nine private limited companies, two are subsidiaries of public limited companies. In the given circumstances, is it possible for Mr. Z to accept another directorship in RLP Mechanics Limited without attracting any invalidity:
- (a) It is not possible for Mr. Z to accept another directorship in RLP Mechanics Limited since he is already holding directorships in twenty companies.
  - (b) It is not possible for Mr. Z to accept another directorship in RLP Mechanics Limited since he is already holding directorships in eight public limited companies and two such private limited companies which are subsidiaries of public limited companies.
  - (c) It is possible for Mr. Z to accept another directorship in RLP Mechanics Limited since Section 8 companies and dormant companies are excluded while calculating the limit of twenty companies.
  - (d) It is possible for Mr. Z to accept another directorship in RLP Mechanics Limited since there is no limit on holding any number of directorships.
10. National Software Limited, a government company with fourteen Directors, is desirous of appointing two more Directors to enable good governance and to manage its affairs more efficiently and effectively. However, Mr. X, the Managing Director of National Software Limited, is of the view that the company can validly appoint only one more director and therefore, appointment of two more Directors would be a

violation of the statutory provisions. Out of the following four options, choose the one which is applicable in the given situation:

- (a) The contention of Mr. X, the Managing Director of National Software Limited, that the appointment of two more Directors in the company, thus raising the number of directors to more than fifteen, is valid since such action shall violate the statutory provisions.
  - (b) Appointment of more than fifteen Directors can be validly made by National Software Limited by passing an ordinary resolution in the general meeting.
  - (c) Appointment of more than fifteen Directors can be validly made by National Software Limited by passing a special resolution in the general meeting.
  - (d) In view of the fact that government companies are exempt from the provision which limits the maximum number of Directors in a company, National Software Limited can appoint two more directors, thus raising the total number of directors to sixteen from the present fourteen.
11. Due to non-compliance of certain requirements under the Companies Act, 2013 not amounting to fraud, Shikha Super-Market Limited was required to re-state its financial statements for the financial year 2017-18 during the current year. After the financial statements were re-stated, it was found that Mr. Kumar, the Managing Director (MD) of that period, who is now retired, was paid excess remuneration to the extent of ₹ 5,00,000. In the given situation, choose the correct option out of those given below, which indicates whether such excess remuneration paid to ex-MD Mr. Kumar is recoverable or not.
- (a) Excess remuneration of ₹ 5,00,000 paid to Mr. Kumar, ex-MD of Shikha Super-Market Limited, cannot be recovered since such recovery after retirement is invalid.

- (b) Excess remuneration of ₹ 5,00,000 paid to Mr. Kumar, ex-MD of Shikha Super-Market Limited, shall be recovered irrespective of his retirement from the company.
  - (c) Only ₹ 2,50,000, being 50% of excess remuneration of ₹ 5,00,000, paid to Mr. Kumar, ex-MD of Shikha Super-Market Limited, is validly recoverable because no fraud implicating him is involved.
  - (d) Only ₹ 1,25,000, being 25% of excess remuneration of ₹ 5,00,000, paid to Mr. Kumar, ex-MD of Shikha Super-Market Limited, is validly recoverable because no fraud implicating him is involved.
12. The Board of Directors of Capable Hospitality Services Limited has entrusted Mr. Vikas, the newly appointed Managing Director (MD) of the company, with some powers. However, Mr. Vikas is not interested in discharging administrative functions as authorised by the Board of Directors, since he is of the view that he should have been entrusted with substantial powers of the management. Out of the following four options, which one is correctly applicable in relation to the functions which Mr. Vikas, the MD of Capable Hospitality Services Limited, can undertake:
- (a) To draw and endorse any cheque on the account of Capable Hospitality Services Limited maintained with National Commercial Bank Limited, the main banker of the company.
  - (b) To sign the financial statements of Capable Hospitality Services Limited.
  - (c) To draw and endorse any bill of exchange when it exceeds ₹ 1,00,000.
  - (d) To draw and endorse any bill of exchange when it exceeds ₹ 5,00,000.
13. Mr. Joseph Daniel, holding the office of Whole-time Director (WTD) in Tasty Choco-Chips Limited, is desirous of appointing Mr. Vanilla



Sequera, who has attained the age of 72 years, as the Managing Director (MD) of the company. However, the Board of Directors is of the opinion that no company shall appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who is below the age of twenty-one years or has attained the age of seventy years. From the following four options, select the one which is applicable in relation to the validity or invalidity of appointing Mr. Vanilla Sequera as the Managing Director (MD) of Tasty Choco-Chips Limited:

- (a) In spite of the fact that Mr. Vanilla Sequera has attained the age of 72 years, he can be validly appointed as Managing Director by the Board of Directors of Tasty Choco-Chips Limited when the recommendation has been made by Mr. Joseph Daniel, the Whole-time Director.
  - (b) Since Mr. Vanilla Sequera has attained the age of 72 years, he cannot be validly appointed as Managing Director of Tasty Choco-Chips Limited.
  - (c) In spite of the fact that Mr. Vanilla Sequera has attained the age of 72 years, he can be validly appointed as Managing Director by the shareholders of Tasty Choco-Chips Limited through passing a Special Resolution in general meeting.
  - (d) In spite of the fact that Mr. Vanilla Sequera has attained the age of 72 years, he can be validly appointed as Managing Director of Tasty Choco-Chips Limited if an application is made to the jurisdictional National Company Law Tribunal (NCLT) and its permission is received for such appointment.
14. On June, 20, 2017, Mr. Anil Mehra was appointed as Manager of PQR Music Systems Limited for a period of five years. Considering his performance and dedication towards the company, the management of PQR Music Systems Limited decided to re-appoint him as Manager before the completion of his tenure. Out of the following four options, choose the one which indicates the date on which his re-appointment will be considered valid?
- (a) June 24, 2021.

- (b) February 1, 2021.
  - (c) March 12, 2020.
  - (d) September 10, 2020.
15. Lockworth Safety Gears Limited which pays remuneration to its Directors on yearly basis, has Harsha as Whole-time Director (WTD). Recently, the company appointed Mr. Raviyansh as Managing Director (MD). While paying remuneration, Lockworth Safety Gears Limited needs to keep in view that the overall remuneration payable to the Directors including Managing Director, Whole-time Director and Manager shall not exceed maximum limit prescribed under the relevant provisions. After the appointment of Mr. Raviyansh as Managing Director, since the company has both Whole-time Director as well as Managing Director, select the appropriate option from those given below which indicates the maximum remuneration that is allowed in a Financial Year:
- (a) 3% of net profits.
  - (b) 5% of net profits.
  - (c) 10% of net profits.
  - (d) 11% of net profits.
16. Taurus Mechanical Products Limited, having Registered Office in Connaught Place, New Delhi, has three directors, namely, Arun, Varun and Smriti, who often visit foreign countries in order to develop and secure business opportunities for the company on sustainable basis. One of the legal requirements for an Indian company is that at least one of its directors must stay in India for a specified period. To reckon as 'resident director' for the Financial Year 2021-22, advise the company by selecting the correct option as to which period spent in India by any one of its directors shall count towards statutory period.
- (a) Period spent in India during the previous Financial Year 2020- 21.

- (b) Total of fifty percent of the period spent in India during the Financial Year 2019-20 and another fifty percent of the period spent in India during the Financial Year 2020-21.
  - (c) Total of fifty percent of the period spent in India during the Financial Year 2020-21 and another fifty percent of the period spent in India during the Financial Year 2021-22.
  - (d) Period spent in India during the Financial Year 2021-22.
17. Mr. Abhishek has been in full time employment at F&I Limited (a listed company) working as Chief Financial Officer (CFO). He has been given the offer to hold the office of Whole-time Director at M&N Limited whose more than 51% of the paid-up share capital is held by F&I Limited. After considering the applicable provisions, you are required to choose the correct option from the following four which indicates whether Mr. Abhishek can validly proceed or not with the offer of Whole-time Director extended by M&N Limited while also continuing as Chief Financial Officer (CFO) of F&I Limited:
- (a) Mr. Abhishek can validly proceed with the offer of Whole-time Director at M&N Limited while also continuing as Chief Financial Officer (CFO) because being a Key Managerial Personnel he shall not be disentitled from accepting the offer of Whole-time Director in any other company after obtaining the permission of Board of Directors of his parent company *i.e.*, F&I Limited.
  - (b) Mr. Abhishek will not be able to proceed with the offer of Whole-time Director at M&N Limited since a whole time Key Managerial Personnel cannot hold office in more than one company at the same time.
  - (c) Mr. Abhishek can proceed with the offer of Whole-time Director at M&N Limited while also continuing as Chief Financial Officer (CFO) since M&N Limited is a subsidiary of F&I Limited.
  - (d) Mr. Abhishek will not be able to proceed with the offer of Whole-time Director at M&N Limited since a whole time Key Managerial Personnel cannot hold office in more than one company at the same time including its subsidiary company.

18. Hasmukh Entertainment Limited, incorporated under the Companies Act, 2013, appointed Mr. Ram Kishore, a well-qualified and experienced person, as Whole-time Director (WTD) for a period of five years in the Annual General Meeting (AGM) held on August 28, 2019. In order that Mr. Ram Kishore continues with the company as Whole-time Director (WTD), he was re-appointed in advance as Whole-time Director (WTD) for another term of five years in the Annual General Meeting which was held on September 28, 2021. The second term of five years will start after the expiry of first term in August, 2024. From the following alternatives, choose the one which indicates the validity or otherwise of re-appointment of Mr. Ram Kishore for the second term of five years by the company:
- (a) The re-appointment of Mr. Ram Kishore in advance as Whole-time Director (WTD) for another term of five years is valid because re-appointment can be made for a period not exceeding 5 years at any time provided the Articles of Association of the company provide for such re-appointment before one year from the completion of his 'yet-to-expire' term.
  - (b) The re-appointment of Mr. Ram Kishore in advance as Whole-time Director (WTD) for another term of five years is invalid because his re-appointment as Whole-time Director (WTD) cannot be made earlier than one year before the expiry of his first term.
  - (c) The re-appointment of Mr. Ram Kishore in advance as Whole-time Director (WTD) for another term of five years is valid provided the resolution for such re-appointment had earlier been passed with the consent of all the Directors present at the Board Meeting and thereafter, such re-appointment was taken up at the Annual General Meeting for approval.
  - (d) The re-appointment of Mr. Ram Kishore in advance as Whole-time Director (WTD) for another term of five years is invalid because no special resolution for his re-appointment was passed at the Annual General Meeting for approval.

19. Murlidhar Masala Enterprises Limited, incorporated under the Companies Act, 2013, is into the business of trading of different kinds of spices used in the cooking of daily food items. Mr. Vinayak was appointed as the Chief Financial Officer (CFO) of the company on July 2, 2018 by the Board of Directors for a period of five years. In the Board Meeting held on July 30, 2021, Mr. Rinkesh aged 55 years was appointed as Managing Director of the company. In this meeting itself, the Board of Directors also made re-appointment of Mr. Vinayak as the Chief Financial Officer (CFO) for another term of 3 years and it was resolved that the new term of 3 years will start after the completion of the first term of five years. Further, in the Annual General Meeting of the company held on September 29, 2021, the appointment of Mr. Rinkesh as Managing Director was approved by the company and the members also noted the re-appointment of Mr. Vinayak as Chief Financial Officer (CFO) for another term of 3 years which would start after completion of the first term of five years. You are required to choose the correct option from the following four whether the re-appointment of Mr. Vinayak is valid or not:
- (a) The re-appointment of Mr. Vinayak as Chief Financial Officer (CFO) for another term of 3 years is valid since the Board of Directors may appoint him for any term as it may think fit.
  - (b) The re-appointment of Mr. Vinayak as Chief Financial Officer (CFO) for another term of 3 years is not valid since no Key Managerial Personnel (KMP) shall be re-appointed earlier than one year before the expiry of his term.
  - (c) The re-appointment of Mr. Vinayak as Chief Financial Officer (CFO) for another term of 3 years is not valid since his re-appointment has not been subsequently approved by the company in the Annual General Meeting held on September 29, 2021.
  - (d) Both (b) and (c) above.

20. Go Dairy Products Limited, incorporated under the Companies Act, 2013, is into the business of selling dairy products through online mode. Mr. Dhaval was holding the office of the Whole-time Director in the Company. However, by the end of the Financial Year 2020-21, Mr. Dhaval had to vacate the office of Whole-time Director after attracting one of the disqualifications prescribed under Section 164 of the Companies Act, 2013. You are required to select the correct option from those given below as to the time period within which the Board of Directors are required to fill the vacancy of Whole-time Director created by the resignation of Mr. Dhaval considering the applicable provisions of the Companies Act, 2013:
- (a) The vacancy of Whole-time Director created by the resignation of Mr. Dhaval shall be filled by the Board of Directors at a meeting of the Board within a period of three months from the date of creation of such vacancy.
  - (b) The vacancy of Whole-time Director created by the resignation of Mr. Dhaval shall be filled by the Board of Directors at a meeting of the Board within a period of six months from the date of creation of such vacancy.
  - (c) The vacancy of Whole-time Director created by the resignation of Mr. Dhaval shall be filled by the Board of Directors at a meeting of the Board within a period of two months from the date of creation of such vacancy.
  - (d) The vacancy of Whole-time Director created by the resignation of Mr. Dhaval shall be filled by the Board of Directors at a meeting of the Board within a period of one month from the date of creation of such vacancy.
21. Chetan Motorboats Limited, incorporated on 25<sup>th</sup> June, 2019 is desirous of making donations to a reputed political party. Out of the following options, choose the one which correctly depicts as to when Chetan Motorboats Limited shall be eligible to make such donations to a political party:
- (a) Chetan Motorboats Limited shall be eligible to make donations to a political party after one year from the date of its incorporation.

- (b) Chetan Motorboats Limited shall be eligible to make donations to a political party after two years from the date of its incorporation.
  - (c) Chetan Motorboats Limited shall be eligible to make donations to a political party after three years from the date of its incorporation.
  - (d) Chetan Motorboats Limited shall be eligible to make donations to a political party after five years from the date of its incorporation.
22. Where at any time the number of interested Directors exceeds or is equal to ----- of the total strength of the Board of Directors of a company, the quorum shall be the number of non-interested Directors who are present at the meeting and not less than two.
- (a) 1/2
  - (b) 2/3
  - (c) 1/3
  - (d) None of the above
23. In case of a company where minimum ----- per cent members (in number) are relatives of promoters or are related parties, they are not precluded from voting on a resolution for approving any related party transaction.
- (a) 80
  - (b) 85
  - (c) 90
  - (d) 95
24. Out of the total strength of six Directors of SQ Transformers Limited, five are attending a Board Meeting to consider the investment of funds of the company. The resolution relating to investment shall be taken as passed in which of the following cases:
- (a) When all the five Directors of SQ Transformers Limited attending the meeting consent to such investment of funds.

- (b) When any four Directors of SQ Transformers Limited out of five attending the meeting consent to such investment of funds.
  - (c) When any three Directors of SQ Transformers Limited out of five attending the meeting consent to such investment of funds.
  - (d) Investment proposal must be consented to by the total strength of six Directors of SQ Transformers Limited.
25. In case of a Board Meeting which is conducted through the means of video conferencing, the draft minutes shall be circulated among all the Directors within-----days of the meeting either in writing or in the electronic mode as may be decided by the Board of Directors of the company.
- (a) 5
  - (b) 10
  - (c) 15
  - (d) 20
26. Audit Committee may make omnibus approval for:
- (a) Making of investment in other companies.
  - (b) Related party transactions proposed to be entered into by the company.
  - (c) Transferring of non-functional undertaking.
  - (d) All of the above.
27. The Board of Directors of Pristine Pharmaceuticals Limited, which was incorporated under the Companies Act, 2013, consists of seven directors. It so happened that one of the directors Mr. Avinash who was appointed in the immediately previous Annual General Meeting (AGM) met with a serious accident which ultimately resulted in his untimely death after a couple of days of this mis-happening. Consequently, a casual vacancy in the office of director arose which



needs to be filled up. The Board of Directors of Pristine Pharmaceuticals Limited is contemplating to appoint Mr. Rakesh in place of Mr. Avinash to fill the casual vacancy so originated. From the given options which one you would have chosen as a Chartered Accountant if you were to advise the Board of Directors regarding the time limit within which Mr. Rakesh could be appointed to fill such casual vacancy in the light of applicable provisions of the Companies Act, 2013:

- (a) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within three months from the date of creation of such vacancy.
  - (b) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited by passing a board resolution at its meeting and such appointment of Mr. Rakesh shall be subsequently approved by the members in the immediate next general meeting.
  - (c) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within one month from the date of creation of such vacancy.
  - (d) The casual vacancy created due to the untimely death of Mr. Avinash needs to be filled by the Board of Directors of Pristine Pharmaceuticals Limited within two months from the date of creation of such vacancy.
28. Choose the correct statement from those given below as regards the preservation of books and papers of an amalgamated company:
- (a) Books and papers of an amalgamated company can be disposed of any time after one year with the permission of Board of Directors of transferee company.

- (b) Books and papers of an amalgamated company can be disposed of with the permission of Central Government after five years.
  - (c) Books and papers of an amalgamated company cannot be disposed of without obtaining prior permission of the Central Government.
  - (d) Books and papers of an amalgamated company cannot be disposed of.
29. Seafood Marketing Limited, incorporated on 1<sup>st</sup> April, 2019, conducted four Board Meetings during the Financial Year 2019-20 *i.e.* on 6<sup>th</sup> April, 2019, 28<sup>th</sup> August, 2019, 30<sup>th</sup> September, 2019 and 30<sup>th</sup> March, 2020. Select the correct option from those given below as to whether there is contravention of provisions or not regarding frequency of holding the Board Meetings by Seafood Marketing Limited:
- (a) There is no contravention of the provisions relating to holding of Board Meetings because four Board Meetings have been held by Seafood Marketing Limited during the Financial Year 2019-20.
  - (b) There is no contravention of the provisions relating to holding of Board Meetings by Seafood Marketing Limited because the first Board Meeting was held within 30 days of the incorporation of the company.
  - (c) There is contravention of provisions in respect of conduct of the Board Meetings by Seafood Marketing Limited because gap between initial two consecutive Board Meetings (held on 6<sup>th</sup> April, 2019 and 28<sup>th</sup> August, 2019) is 143 days and further, gap between next two consecutive Board Meetings (held on 30<sup>th</sup> September, 2019 and 12<sup>th</sup> March, 2020) is 163 days.
  - (d) There is contravention of provisions in respect of conduct of the Board Meetings by Seafood Marketing Limited because gap between initial two consecutive Board Meetings (held on 6<sup>th</sup> April, 2019 and 28<sup>th</sup> August, 2019) is 123 days and further, gap between next two consecutive Board Meetings (held on 30<sup>th</sup> September, 2019 and 12<sup>th</sup> March, 2020) is 143 days.

30. The Board of Directors of Shanta Hospitality Services Limited is desirous of contributing certain amount to Ashirwad Dharmarth Sansthan, a *bona fide* charitable organization operating in the National Capital Region, during the financial year 2021-2022. The profits and losses of the earlier five financial years are as under:

| Year      | Profit/ (Loss) |
|-----------|----------------|
| 2020-2021 | (30,00,000)    |
| 2019-2020 | 1,80,00,000    |
| 2018-2019 | 2,10,00,000    |
| 2017-2018 | 1,85,00,000    |
| 2016-2017 | 1,40,00,000    |

From the following four options, select the appropriate one which indicates the amount that the Board of Directors of Shanta Hospitality Services Limited can contribute to Ashirwad Dharmarth Sansthan:

- (a) The Board of Directors of Shanta Hospitality Services Limited cannot contribute any amount to Ashirwad Dharmarth Sansthan in the financial year 2021-2022 since it suffered losses of Rs. 30,00,000 in the immediate previous financial year 2020-2021.
  - (b) The Board of Directors of Shanta Hospitality Services Limited can contribute maximum of Rs. 9,00,000 to Ashirwad Dharmarth Sansthan in the financial year 2021-2022.
  - (c) The Board of Directors of Shanta Hospitality Services Limited can contribute maximum of Rs. 6,00,000 to Ashirwad Dharmarth Sansthan in the financial year 2021-2022.
  - (d) The Board of Directors of Shanta Hospitality Services Limited can contribute maximum of Rs. 3,00,000 to Ashirwad Dharmarth Sansthan in the financial year 2021-2022.
31. As per the audited financial statements of immediately preceding financial year 2020-21, the paid-up capital of Aastha Metal Products Limited was ₹ seventy-five crores (much below the threshold limit) which did not require appointing a woman director. However, the

turnover during the same period was ₹ 334 crores i.e. above the threshold limit which required appointing a woman director. Choose the correct option from those given below as to whether Aastha Metal Products Limited is required to bring on the Board a woman director or not.

- (a) The company is not required to appoint a woman director since only one of the parameters and not both have crossed the threshold limit.
  - (b) The company is required to appoint a woman director since any one parameter out of the two exceeding the threshold limit shall necessitate such appointment.
  - (c) The requirement of appointing a woman director arises only when paid up capital exceeds the threshold limit and therefore, the company is not required to appoint a woman director.
  - (d) In a situation where one parameter is below and the other is above the threshold limit, the company, as per its discretion, may or may not appoint a woman director.
32. A seven days' notice of the Board Meeting was served on all the ten directors of Goodluck Publishers Limited by sending it on their registered postal addresses. However, before the holding of scheduled Board Meeting, some unavoidable happenings took place. Mr. M was hospitalised because of serious stomach pain just two days before the Meeting. Mr. Y proceeded to London since his son met with an accident and the incidence required his immediate presence. As scheduled earlier, Mr. X and Mr. B went to Australia for attending a technical seminar that would help improving the existing publishing techniques. Mr. A, extremely busy in finalizing the arrangements relating to his daughter's marriage, was also unable to attend the impending board meeting. A day before the board meeting, Mr. E's grand-mother got hospitalised and therefore, he was involved in taking care of her but he assured to attend the meeting through video conferencing. Mr. P was scheduled to arrive for the meeting by 2 p.m. on the same day of the meeting but his flight got delayed by eight hours. Mr. D, Mrs. G and Mr. H were in the town and were available

for the Board Meeting. Could the Board Meeting be held as per the scheduled time?

- (a) The Board Meeting cannot be held because minimum sixty percent directors (*i.e.* 6 out of 10) must attend it at the scheduled time to complete the quorum.
  - (b) The Board Meeting cannot be held because minimum fifty percent directors (*i.e.* 5 out of 10) must attend it at the scheduled time to complete the quorum.
  - (c) Since the quorum is complete, the available directors can hold the Board Meeting as per the schedule.
  - (d) The Board Meeting cannot be held because minimum seventy percent directors (*i.e.* 7 out of 10) must attend it at the scheduled time to complete the quorum.
33. In the F.Y. 2021-22, Roshni Electricals Private Limited for the first time is treated as a 'small company' according to the prescribed norms. It held its first Board Meeting on 15th June, 2021 and another one on 9th July, 2021. As two board meetings have already been held in 1st half and IIInd half of the calendar year, 2021, the directors do not intend to hold any other Board Meeting during rest of the year 2021-22. Select the correct statement from those given below as to whether the directors Roshni Electricals Private Limited are at fault or not.
- (a) A 'small company' needs to hold only two Board Meetings in a calendar year and therefore, the directors of Roshni Electricals Private Limited are absolutely not at fault.
  - (b) As the gap between two Board Meetings should be 'not less than 60 days', the directors of Roshni Electricals Private Limited need to hold another Board Meeting on a date which must be after 60 days from 15th June 2021, so that no fault is committed.
  - (c) As the gap between two Board Meetings should be 'not less than 90 days', the directors of Roshni Electricals Private Limited need to hold another Board Meeting on a date which must be

after 90 days from 15th June 2021, so that no fault is committed.

- (d) There is no need to observe gap of more than 60 or 90 days if the directors of Roshni Electricals Private Limited hold another board meeting in the month of July, 2021 itself, totalling number of meetings to three.
34. Jupiter Shopping Mall Limited was incorporated on 3<sup>rd</sup> December, 2019. As on 31<sup>st</sup> March 2021, it had free reserves of ₹ 50.00 lacs and its Securities Premium Account showed a balance of ₹ 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 ₹ 10.00 lacs to this political party. Accordingly, the Board of Directors held a meeting on 16<sup>th</sup> December, 2021 and passed a resolution to contribute the decided amount. Out of the following four options, select the appropriate one, which indicates the amount that Jupiter Shopping Mall Limited can contribute to a political party in the FY 2021-22.
- (a) According to the above-stated facts, Jupiter Shopping Mall Limited cannot contribute any amount to a political party in the FY 2021-22.
  - (b) According to the above-stated facts, Jupiter Shopping Mall Limited can contribute maximum ₹ 2.50 lacs to a political party in the FY 2021-22.
  - (c) According to the above-stated facts, Jupiter Shopping Mall Limited can contribute maximum ₹ 3.75 lacs to a political party in the FY 2021-22.
  - (d) According to the above-stated facts, Jupiter Shopping Mall Limited can contribute maximum ₹ 5.00 lacs to a political party in the FY 2021-22.
35. Sunder Cosmetics Limited was served a notice by the jurisdictional Registrar of Companies to produce at his office for inspection of certain more books of accounts, other books, papers and explanations,

etc. at 11 A.M. on January 5, 2022. Choose the applicable option from those given below that indicates the reason for such inspection by the concerned Registrar of Companies:

- (a) Since no information or explanation was furnished by Sunder Cosmetics Limited to the Registrar of Companies within the time specified in the earlier notice issued by him.
  - (b) Since Registrar of Companies, on an examination of the documents furnished by Sunder Cosmetics Limited, was of the opinion that the information or explanation furnished by the company was inadequate.
  - (c) Since Registrar of Companies was satisfied on a scrutiny of the documents furnished by Sunder Cosmetics Limited, that an unsatisfactory state of affairs existed in the company and the information or documents so furnished did not disclose a full and fair statement of the information required.
  - (d) All of the above.
36. At an Extra-ordinary General Meeting of Ravi Share-brokers Limited, held at its Registered Office situated at Rajendra Place, New Delhi, the shareholders passed a special resolution to the effect that the affairs of the company ought to be investigated. Ravi Share-brokers Limited, thereafter, submitted the special resolution so passed to the Central Government for further action. Under the given situation, you are required to select the appropriate option from those given below:
- (a) Power of the Central Government to order an investigation into the affairs of Ravi Share-brokers Limited as requested in the special resolution so submitted by the company is discretionary and therefore, it may or may not order an investigation.
  - (b) Power of the Central Government to order an investigation into the affairs of Ravi Share-brokers Limited as requested in the special resolution so submitted by the company is mandatory and therefore, it shall order an investigation.

- (c) Central Government is not empowered to pass order of investigation in case of non-government companies and therefore, no order of investigation into the affairs of Ravi Share-brokers Limited as requested in the special resolution so submitted by the company shall be ordered.
  - (d) None of the above.
37. Sanchita TechMart Limited is in the grip of serious apprehensions that its shares might be cornered by a group of unscrupulous persons and if it happens, it would certainly result in change in the Board of Directors which might be prejudicial to the public interest. With a view to impose restrictions, Ramneek, one of the directors of Sanchita TechMart Limited, seeks your advice as to how the company can impose restrictions on the transfer of shares of the company. Choose the correct option from those given below:
- (a) Sanchita TechMart Limited can make an application to the National Company Law Tribunal (NCLT) under Section 222 for imposition of restrictions on securities.
  - (b) Sanchita TechMart Limited can make an application to the Central Government under Section 222 for imposition of restrictions on securities.
  - (c) Sanchita TechMart Limited can make an application to the National Company Law Tribunal (NCLT) under Section 216 for investigation into the ownership of company.
  - (d) Sanchita TechMart Limited can make an application to the Central Government under Section 216 for investigation into the ownership of the company.
38. After perusal of the inspector's report made under Section 223 of the Companies Act, 2013, it appears to the Central Government that some action is required to be taken against a company, it may cause to be presented to the Tribunal:
- (a) A petition for the winding up of the company on the ground that it is just and equitable that it should be wound up.



- (b) An application under Section 241 of the Companies Act, 2013.
  - (c) Both (a) and (b).
  - (d) A petition for the merger of the company on the ground that it is just and equitable that it should be merged.
39. Prakash, the Production Manager of Saharanpur based Garima Sugar Mills Limited, a company incorporated in the year 2001, proceeded on superannuation on October 30, 2019, handing over charge of his department to Aniket, the newly appointed Production Manager. It so happened that after his retirement Prakash received a notice from the jurisdictional Registrar of Companies requiring him to furnish certain information and explanation regarding production of sugar pertaining to the Financial Years 2017-18 and 2018-19. However, Prakash did not furnish any information to the Registrar of Companies since he was no more an employee of Garima Sugar Mills Limited. Choose the appropriate option from the four given below:
- (a) Since the information required by the Registrar of Companies relates to the Financial Years 2017-18 and 2018-19 when Prakash was serving Garima Sugar Mills Limited as Production Manager, he is liable to furnish the requisite information.
  - (b) Though the information required by the Registrar of Companies relates to the Financial Years 2017-18 and 2018-19 but at the time of seeking information, Prakash is not serving Garima Sugar Mills Limited as Production Manager and therefore, he is not liable to furnish the requisite information.
  - (c) Though the information required by the Registrar of Companies relates to the Financial Years 2017-18 and 2018-19 but at the time of seeking information, Prakash is not serving Garima Sugar Mills Limited as Production Manager and therefore, Aniket, the current Production Manager, is liable to furnish the requisite information.
  - (d) Though the information required by the Registrar of Companies relates to the Financial Years 2017-18 and 2018-19 but at the time of seeking information, Prakash is not serving Garima Sugar Mills Limited as Production Manager and therefore,

Vignesh who worked as foreman under Prakash and is still in employment, is liable to furnish the requisite information instead of Aniket, the newly appointed Production Manager.

40. Under the garb of cement business, some of the directors of Royal Cement Limited, a company incorporated in the year 2001 and having its factories at Rohtak and Bhiwani, were involved in several illegal activities. In such a situation, on receipt of a report of the Registrar of Companies or inspector under Section 208 or in the public interest or on request from any Department of the Central Government or a State Government, the Central Government may, by order, assign the investigation into the affairs of Royal Cement Limited to the Serious Fraud Investigation Office (SFIO). In addition to the above bases, there is one more basis which may prompt the Central Government to assign the investigation to the Serious Fraud Investigation Office (SFIO). From the following four options, choose such appropriate basis for assigning the investigation to the SFIO.
- (a) On intimation through an Ordinary Resolution passed by the shareholders of Royal Cement Limited that the affairs of the company are required to be investigated.
  - (b) On intimation through a Special Resolution passed by the shareholders of Royal Cement Limited that the affairs of the company are required to be investigated.
  - (c) On an intimation received from certain senior employees of Royal Cement Limited that the affairs of the company are required to be investigated.
  - (d) On an intimation received from certain ex-directors of Royal Cement Limited that the affairs of the company are required to be investigated.
41. Mr. Dinesh, Finance Manager of Sarvottam Steel Limited got retired on May 30, 2019. After examination of the financial statements of Sarvottam Steel Limited for the year ended 31<sup>st</sup> March 2019, the jurisdictional Registrar of Companies observed certain serious irregularities in writing off huge amounts of bad debts and no satisfactory explanation was provided for such write-off by the

company. In such a situation, the Registrar of Companies seeks some explanation from the company as well as Mr. Dinesh, ex-Finance Manager and therefore, respective notices were served in this respect. Can the Registrar of Companies seek explanation from Mr. Dinesh after his retirement?

- (a) Since Mr. Dinesh is no more in the employment of Sarvottam Steel Limited, he cannot be called upon by the Registrar of Companies to furnish the requisite explanation.
  - (b) Though Mr. Dinesh is no more in the employment of Sarvottam Steel Limited, yet he can be called upon by the Registrar of Companies to furnish the requisite explanation through a written notice served on him, but only within a period of one year from the date of his retirement.
  - (c) Though Mr. Dinesh is no more in the employment of Sarvottam Steel Limited, yet he can be called upon by the Registrar of Companies to furnish the requisite explanation through a written notice served on him, but only within a period of 180 days from the date of his retirement.
  - (d) Though Mr. Dinesh is no more in the employment of Sarvottam Steel Limited, yet he can be called upon by the Registrar of Companies to furnish the requisite explanation through a written notice served on him without any limit as to the time period.
42. Some of the creditors of Alpha Tyres Limited made a complaint to the jurisdictional Registrar of Companies pleading that the management of the company is indulged in destruction and falsification of the accounting records. The complainants request the Registrar of Companies to take immediate steps to stop the management to tamper with the records. The complaint was received in the morning on 1<sup>st</sup> January, 2022 and the Registrar of Companies entered the premises of Alpha Tyres Limited, the same day when the complaint from the creditors was received for the search. From the options given below, choose the one that correctly indicates the course of action that the Registrar of Companies may take in such a situation:

- (a) The Registrar of Companies may enter the premises of Alpha Tyres Limited and search the place where such books or papers are kept and seize them.
  - (b) The Registrar of Companies may enter the premises of Alpha Tyres Limited and search the place where such books or papers are kept and seize them only after obtaining an order from the Special Court.
  - (c) Registrar of Companies may enter the premises of Alpha Tyres Limited and search the place where such books or papers are kept only after obtaining the order to this effect from the National Company Law Tribunal.
  - (d) Registrar of Companies may enter the premises of Alpha Tyres Limited, 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.
43. Mr. Raman, an Inspector appointed under Section 212 of the Companies Act, 2013, started investigations into the affairs of C-Tech Innovative Solutions Ltd. During the process of investigation, Mr. Raman noticed certain unusual facts and information regarding the transactions made by C-Tech Innovative Solutions Ltd. with its subsidiary company Shyamala InfoTech Solutions Ltd. Based on the information so collected from the investigation, Mr. Raman wanted to investigate the affairs of Shyamala InfoTech Solutions Ltd. also. Out of the following options, which one correctly indicates whether Mr. Raman can proceed with the investigation of the affairs of subsidiary company Shyamala InfoTech Solutions Ltd. or not in the light of the applicable provisions of the Companies Act, 2013.
- (a) Mr. Raman shall be able to proceed with the investigation of the affairs of subsidiary company Shyamala InfoTech Solutions Ltd. after obtaining the prior approval of the Director, Serious Fraud Investigation Office (SFIO).
  - (b) Mr. Raman shall not be able to proceed with the investigation of the affairs of subsidiary company Shyamala InfoTech

Solutions Ltd. since it is not within his powers to undertake investigation of any other entity.

- (c) Mr. Raman shall be able to proceed with the investigation of the affairs of subsidiary company Shyamala InfoTech Solutions Ltd. after obtaining the prior approval of the National Company Law Tribunal in whose jurisdiction the registered office of the subsidiary company is located.
  - (d) Mr. Raman shall be able to proceed with the investigation of the affairs of subsidiary company Shyamala InfoTech Solutions Ltd. after obtaining the prior approval of the Central Government.
44. Utility Transporting Services Ltd., having its registered office at Connaught Place, New Delhi, was incorporated on 15<sup>th</sup> July 2020. Recently, some of the shareholders of Utility Transporting Services Ltd. came to know that certain transactions entered into by the company were not in accordance with the provisions of the Companies Act, 2013 and were also prejudicial to the interest of company and its members. Accordingly, they decided to make an application to the Central Government to conduct investigation into affairs of the company by appointing an Inspector under the provisions of the Companies Act, 2013. Will the application of these shareholders, if made, be acceptable under the relevant provisions of Companies Act, 2013.
- (a) The shareholders of a company do not have any right to make an application to the Central Government for conducting an investigation into the affairs of the company under Section 210 of Companies Act, 2013.
  - (b) The shareholders of a company, after passing a special resolution at the General Meeting, have a right to make an application to the Central Government for conducting an investigation into the affairs of the company under Section 210 of the Companies Act, 2013.
  - (c) The shareholders of a company, even without passing a special resolution, have a right to make an application to the Central Government for conducting an investigation into the affairs of

the company under Section 210 of the Companies Act, 2013, when it is suspected that the affairs of the company are not managed in the interest of the company as well as the shareholders.

- (d) The shareholders of a company, even after passing a special resolution in the General Meeting, have no right to make an application to the Central Government for conducting an investigation into the affairs of the company under Section 210 of the Companies Act, 2013.
45. The Central Government appointed Mr. Rishikesh as an inspector to conduct investigation into the affairs of Oriental Threads Ltd. in accordance with relevant provisions of the Companies Act, 2013. During the course of investigation of Oriental Threads Ltd., Mr. Rishikesh found that company had reduced the position of Mr. Gopal Prasad (who was a senior employee) from Joint Manager to Assistant Manager within a few days after the commencement of investigation. No permission, whatsoever, was obtained from any authority but it was a sole decision of the company based on the recommendation of the Recruitment Committee to demote Mr. Gopal Prasad. Select the appropriate option from those given below as to whether Oriental Threads Ltd. is within its rights to reduce the rank of Mr. Gopal Prasad from Joint Manager to Assistant Manager during investigation:
- (a) It being an internal matter of the company, Oriental Threads Ltd. is very much within its rights to reduce the rank of Mr. Gopal Prasad from Joint Manager to Assistant Manager during investigation and no authority, whatsoever, can interfere in the matter.
  - (b) Irrespective of whether there is investigation or not, if a company finds that an employee is not suitable for the position he is holding, then it can demote such employee.
  - (c) Oriental Threads Ltd. cannot reduce the rank of Mr. Gopal Prasad from Joint Manager to Assistant Manager during the period when investigation is continuing without seeking approval of the National Company Law Tribunal for which an

application needs to be made which shall be disposed of within next 30 days.

- (d) Oriental Threads Ltd. cannot reduce the rank of Mr. Gopal Prasad from Joint Manager to Assistant Manager during the period when investigation is continuing without seeking approval of the Central Government for which an application needs to be made which shall be disposed of within next 30 days.

46. While conducting an inspection of JupiterRise Portraits Ltd. under Section 207 of the Companies Act, 2013, the inspector, Mr. Suneet Prabhu noticed various irregularities which were committed while handling business affairs of the company. Mr. Suneet Prabhu sought necessary explanations from the Directors of JupiterRise Portraits Ltd. regarding those irregularities who furnished necessary explanations. Thereafter, Mr. Suneet Prabhu prepared the Inspection Report under Section 208 for onwards submission. You are required to choose the correct option from those given below as to whom the inspection report shall be submitted and whether Mr. Suneet Prabhu, as inspector has the right to make recommendations for further investigation?

- (a) The Inspection Report as prepared by Mr. Suneet Prabhu shall be submitted to the National Company Law Tribunal and he, as Inspector, has a right to make recommendations for further investigation provided he has given his reasons in support for such recommendations.
- (b) The Inspection Report as prepared by Mr. Suneet Prabhu shall be submitted to the Registrar of Companies and he, as Inspector, has a right to make recommendation for further investigation provided he has given his reasons in support for such recommendations.
- (c) The Inspection Report as prepared by Mr. Suneet Prabhu shall be submitted to the Central Government and he, as Inspector, has a right to make recommendations for further investigation provided he has given his reasons in support for such recommendation.

- (d) The Inspection Report as prepared by Mr. Suneet Prabhu shall be submitted to the Serious Fraud Investigation Office (SFIO) and he, as Inspector, has a right to make recommendations for further investigation provided he has given his reasons in support for such recommendation.
47. A Ltd. was amalgamated into AB Ltd. The latter company AB Ltd. had held 100% shares in AC Ltd. Both AB Ltd. and AC Ltd. held 10,000 shares in A Ltd. before the amalgamation took place. A Ltd. had total 1,00,000 issued shares before amalgamation and 70,000 shares therein were held by B Ltd. which also later became shareholder of AB Ltd. under amalgamation. But the shareholders apart from B Ltd. (and excluding AB Ltd. and AC Ltd.) holding 10,000 shares did not become shareholders in the new AB Ltd. Assuming all other conditions for amalgamation in the 'nature of merger' are fulfilled, would this be:
- (a) Amalgamation in the 'Nature of Merger'.  
(b) Amalgamation in the 'Nature of Purchase'.  
(c) Both of these.  
(d) None of these.
48. B. Real Estate Developers Limited was demerged to B. Reality Constructions and Developers Limited and B. Real Estate Developers Limited. Choose the correct option from those given below as to what type of demerger is this:
- (a) Total demerger.  
(b) Partial demerger.  
(c) Internal reconstruction.  
(d) Demerger in the 'nature of purchase'.
49. Sectoral Regulators shall be able to make representation, if any, within \_\_\_\_\_ from the date of receipt of Notice of the Meeting to be called, held and conducted by the National Company Law Tribunal (NCLT) in respect of a scheme of compromise or arrangement.
- (a) 45 days.



- (b) 30 days.
  - (c) 60 days.
  - (d) 90 days.
50. It is imperative that the Scheme of Compromise or Arrangement needs to be approved by the members or class of members or creditors or class of creditors. From the given options, select the one which correctly indicates the minimum requirement for such approval:
- (a) The Scheme of Compromise or Arrangement shall be approved by more than 50% majority in number of members or class of members or creditors or class of creditors, as the case may be, who are present and voting at the meeting.
  - (b) The Scheme of Compromise or Arrangement shall be approved by more than 75% majority in value of members or class of members or creditors or class of creditors, as the case may be, who are present and voting at the meeting.
  - (c) The Scheme of Compromise or Arrangement shall be approved by more than 75% majority in number of members or class of members or creditors or class of creditors, as the case may be, who are present and voting at the meeting.
  - (d) Both (a) and (b) together.
51. Mr. Aman is a registered holder of 15,000 equity shares of Kanha Textiles Limited whose issued capital is ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹ 10 each. He was offered a price, as determined by the registered valuer, for purchase of his shares by the majority shareholders. Since he has agreed to the proposal of selling his shares at the offered price, you are required to select the correct option from those given below that indicates the period within which such amount shall be disbursed to him:
- (a) Maximum within 15 days, such offered amount shall be disbursed to him.
  - (b) Maximum within 30 days, such offered amount shall be disbursed to him.

- (c) Maximum within 60 days, such offered amount shall be disbursed to him.
  - (d) Maximum within 90 days, such offered amount shall be disbursed to him.
52. Navneet Textiles Limited, with a view to save itself from the looming liquidation, proposed a scheme of compromise to its creditors which valued ₹ 75,00,000. In the process, the company filed the said Scheme with the jurisdictional National Company Law Tribunal (NCLT). From the following options, select the one which correctly depicts the minimum strength of creditors in value that must confirm to the scheme of compromise so that Tribunal may dispense with calling of a meeting of the creditors:
- (a) The strength of creditors in value of Navneet Textiles Limited that must confirm to the scheme of compromise so that Tribunal may dispense with calling of a meeting of the creditors is minimum 70%.
  - (b) The strength of creditors in value of Navneet Textiles Limited that must confirm to the scheme of compromise so that Tribunal may dispense with calling of a meeting of the creditors is minimum 80%.
  - (c) The strength of creditors in value of Navneet Textiles Limited that must confirm to the scheme of compromise so that Tribunal may dispense with calling of a meeting of the creditors is minimum 90%.
  - (d) The strength of creditors in value of Navneet Textiles Limited that must confirm to the scheme of compromise so that Tribunal may dispense with calling of a meeting of the creditors is minimum 95%.
53. In respect of a scheme of compromise submitted by Neon ColorPrints Limited to the jurisdictional National Company Law Tribunal (NCLT), a meeting of the shareholders was held on the specified date and time and at the designated place. The company had 1200 shareholders

holding equity shares of ₹ 1,20,00,000 (12,00,000 equity shares of ₹ 10 each) who all voted using the prescribed modes. However, 100 shareholders holding ₹ 36,00,000 worth of shares voted against the approval of the scheme of compromise. Choose the correct option from those stated below as to whether the scheme of compromise submitted by Neon ColorPrints Limited to the jurisdictional National Company Law Tribunal (NCLT) is to be considered as approved or not:

- (a) The scheme of compromise submitted by Neon ColorPrints Limited to the jurisdictional National Company Law Tribunal (NCLT) is to be considered as approved since shareholders holding more than one-half worth of shares in value voted in favour of the scheme.
  - (b) The scheme of compromise submitted by Neon ColorPrints Limited to the jurisdictional National Company Law Tribunal (NCLT) is to be considered as approved since shareholders holding more than fifty-five percent worth of shares in value voted in favour of the scheme.
  - (c) The scheme of compromise submitted by Neon ColorPrints Limited to the jurisdictional National Company Law Tribunal (NCLT) is to be considered as approved since shareholders holding more than sixty percent worth of shares in value voted in favour of the scheme.
  - (d) The scheme of compromise submitted by Neon ColorPrints Limited to the jurisdictional National Company Law Tribunal (NCLT) is not to be considered as approved by the shareholders.
54. Orange Communications Limited is planning to merge with itself its Wholly-owned Subsidiary (WoS) Vaartalaap Tech Limited under the scheme of fast track merger. After due approval of the Merger Scheme, the same was filed with the Central Government for its approval. However, the Central Government is of the opinion that the said Merger Scheme is not in the public interest. In case such an

opinion is formed, then with which authority the Central Government can file an application stating its objections?

- (a) The Central Government cannot file an application in this respect except to decide the matter on its own.
  - (b) The Central Government can file an application before the National Company Law Tribunal (NCLT) stating its objections.
  - (c) The Central Government can file an application before the Delhi High Court stating its objections.
  - (d) The Central Government can file a 'Special Leave Petition' before the Hon'ble Supreme Court stating its objections.
55. Abhik Trading and Marketing Company Limited is wholly owned subsidiary (WOS) of Eternal Cosmetics Limited. Keeping in view the expansion plans, Swapna and Shilpa, the two Directors of latter company are contemplating to make an application before the appropriate forum for merger of the subsidiary company Abhik Trading and Marketing Company Limited with holding company Eternal Cosmetics Limited under Section 232 of the Companies Act, 2013. However, Vibha Kumar, the Company Secretary of Eternal Cosmetics Limited is of the opinion that the merger between a holding and subsidiary company should have been undertaken as per the provisions of Section 233 which states procedure for fast track merger and not under Section 232. Which statement, out of the four given below, is applicable in the above stated situation:
- (a) The opinion of Vibha, the Company Secretary of the Eternal Cosmetics Limited, holds ground since merger between a holding and subsidiary company should have been undertaken as per the provisions of Section 233 of the Companies Act, 2013 which states procedure for fast track merger.
  - (b) The opinion of Vibha, the Company Secretary of the Eternal Cosmetics Limited, does not hold ground since merger between a holding and subsidiary company is validly possible only as per Section 232 of the Companies Act, 2013.

- (c) The opinion of Vibha, the Company Secretary of the Eternal Cosmetics Limited, does not hold ground since the provisions given for fast track merger under Section 233 of the Companies Act, 2013 are of the optional nature.
  - (d) The opinion of Vibha, the Company Secretary of the Eternal Cosmetics Limited, does not hold ground since the provisions given for fast track merger under Section 233 of the Companies Act, 2013 can be applied for merging only small companies.
56. National Company Law Tribunal (NCLT) has passed an order on January 25, 2021 approving the merger of two companies, namely, RGL Engineers Private Limited and RVGL Machines Limited. The merger order of the NCLT, which shall become effective from March 2, 2021, has been received by RGL Engineers Private Limited on January 27, 2021. Out of the following four options which one is the most appropriate as regards filing of the certified copy of the order by RGL Engineers Private Limited with the jurisdictional Registrar of Companies?
- (a) RGL Engineers Private Limited shall file the certified copy of the order with the jurisdictional Registrar of Companies latest by February 24, 2021, being one month from the date of passing of order by the NCLT.
  - (b) RGL Engineers Private Limited shall file the certified copy of the order with the jurisdictional Registrar of Companies latest by February 26, 2021, being thirty days from the date of receipt of the order passed by the NCLT.
  - (c) RGL Engineers Private Limited shall file the certified copy of the order with the jurisdictional Registrar of Companies latest by April 1, 2021, being thirty days from March 1, 2021, *i.e.* the date from which the order of the NCLT shall be effective.
  - (d) RGL Engineers Private Limited shall file the certified copy of the order with the jurisdictional Registrar of Companies by April 26, 2021, being three months from the date of receipt of order passed by the NCLT.

57. PentoCure Laboratories Limited, a service provider of diagnostic tests and having paid-up capital of ₹ 3,00,00,000 (30,00,000 shares of ₹ 10 each), filed a scheme of arrangement with the National Company Law Tribunal (NCLT). After considering the scheme, NCLT passed an order directing PentoCure Laboratories Limited to conduct a meeting of the shareholders of the company. A notice of meeting was sent to all the 1000 shareholders holding total paid-up capital of ₹ 3,00,00,000 *i.e.* 30,00,000 lakh shares of ₹ 10 each. On the date of meeting which was held at the Registered Office of the company, only 580 shareholders holding 21 lakh shares (paid-up value ₹ 2,10,00,000) attended the meeting. Out of 580 shareholders, 400 shareholders holding 16 lakh shares (paid-up value ₹ 1,60,00,000) voted in favour of the scheme of arrangement as proposed by PentoCure Laboratories Limited and remaining 180 shareholders holding 5 lakh shares (paid-up value ₹ 50,00,000) voted against the said scheme. From the following four options which one correctly indicates whether the scheme of arrangement gets the required approval of the shareholders of PentoCure Laboratories Limited or not:

- (a) The scheme of arrangement as proposed by PentoCure Laboratories Limited gets valid approval of the shareholders with requisite majority.
- (b) The scheme of arrangement as proposed by PentoCure Laboratories Limited does not get valid approval of the shareholders since minimum 60% of shareholders (*i.e.* minimum 600 shareholders out of total 1000) did not attend the meeting for approving the scheme.
- (c) The scheme of arrangement as proposed by PentoCure Laboratories Limited does not get valid approval of the shareholders since minimum 70% of shareholders (*i.e.* minimum 700 shareholders out of total 1000) did not attend the meeting for approving the scheme.
- (d) The scheme of arrangement as proposed by PentoCure Laboratories Limited does not get valid approval of the shareholders since minimum 80% of shareholders (*i.e.* minimum 800 shareholders out of total 1000) did not attend the meeting for approving the scheme.

58. Due to the impending recession, the profits of Super Star Car Manufacturers Limited nosedived considerably for the financial year 2020-2021 and therefore, its Board of Directors did not recommend any dividend for the year. At the Annual General Meeting of Super Star Car Manufacturers Limited, a group of shareholders objected to the Board's decision of not recommending any dividend and coerced the directors to reverse such decision. On refusal by the Board, the disappointed members felt oppressed and filed a complaint with the National Company Law Tribunal (NCLT) against the action of the Board. In the given scenario, which option out of the four mentioned below, is the most appropriate:
- (a) The contention of the shareholders of Super Star Car Manufacturers Limited who filed a complaint with NCLT against the action of the Board for not recommending dividend shall be tenable.
  - (b) The action of the Board of Directors of Super Star Car Manufacturers Limited, not to recommend any dividend shall amount to oppression and mismanagement.
  - (c) The action of the Board of Directors of Super Star Car Manufacturers Limited who acted in the interest of the company by not recommending any dividend shall not amount to oppression and mismanagement.
  - (d) Both (a) and (b).
59. The shareholders of Viable Plastic Industries Limited passed a special resolution at the Extra-ordinary General (EGM) of the company to alter the Articles of Association and empower Board of Directors to transfer the shares of any shareholder who competes with the business of the company. Mr. Akshat, one of the minority shareholders of Viable Plastic Industries Limited who was carrying on a competing business of manufacturing plastic bottles and containers as well as marketing them, challenged the validity of the alteration to be made in the Articles of Association and claimed such action as oppression against minority. Which of the option from the following four is applicable in the given situation?
- (a) The action of Mr. Akshat challenging the validity of the alteration to be made in the Articles of Association and claiming

such action as oppression against minority is not valid since the Articles are being altered after following the due process of law.

- (b) The action of Mr. Akshat challenging the validity of the alteration to be made in the Articles of Association and claiming such action as oppression against minority is not valid since the Articles are being altered in the interest of the company.
  - (c) The action of Mr. Akshat challenging the validity of the alteration to be made in the Articles of Association and claiming such action as oppression against minority is valid since the act complained of is oppressive and prejudicial to the interest of the company.
  - (d) Both (a) and (b)
60. Meenu Automotive Private Limited, whose issued and paid-up share capital is ₹ 1,00,00,000 consisting of 1,00,000 lakh equity shares of ₹ 100 each, has 150 shareholders as per its Register of Members. Some of the shareholders are contemplating to file an application before the National Company Law Tribunal (NCLT) alleging various acts of fraud and mismanagement. Which of the following options correctly indicates as to who can apply to the National Company Law Tribunal (NCLT) for relief against oppression and mismanagement happening in a company having share capital:
- (a) In the above case such shareholders who are contemplating to file an application before the National Company Law Tribunal (NCLT) alleging various acts of fraud and mismanagement must be minimum one hundred and twenty five or not less than one-fifth of the total number of members, whichever is more, or any member or members holding at least one-fifth of the issued share capital on which all the calls have been paid.
  - (b) In the above case such shareholders who are contemplating to file an application before the National Company Law Tribunal (NCLT) alleging various acts of fraud and mismanagement must be minimum fifty or not less than one-tenth of the total number of members, whichever is more, or any member or members



holding at least one-fifteenth of the issued share capital on which all the calls have been paid.

- (c) In the above case such shareholders who are contemplating to file an application before the National Company Law Tribunal (NCLT) alleging various acts of fraud and mismanagement must be minimum seventy five or not less than one-fifth of the total number of members, whichever is less, or any member or members holding at least one-twentieth of the issued share capital on which all the calls have been paid.
- (d) In the above case such shareholders who are contemplating to file an application before the National Company Law Tribunal (NCLT) alleging various acts of fraud and mismanagement must be minimum one hundred or not less than one-tenth of the total number of members, whichever is less, or any member or members holding at least one-tenth of the issued share capital on which all the calls have been paid.

61. The issued and paid-up equity share capital of Golden Kalash Clothes Private Limited is ₹ 1,00,00,000 (10,00,000 equity shares of ₹ 10 each) which is held by ten shareholders. Jasmine holds 80,000 equity shares worth ₹ 8,00,000. Sensing oppression and mismanagement in the company, she is contemplating to apply to the National Company Law Tribunal (NCLT) for relief. Out of the following four options which one is applicable in the given situation:

- (a) Jasmine being a single member cannot apply for relief against oppression and mismanagement propagated by Golden Kalash Clothes Private Limited since at least 60% of total shareholders must apply for such relief *i.e.* at least 6 shareholders in the present case.
- (b) Jasmine cannot apply to the National Company Law Tribunal (NCLT) for relief against oppression and mismanagement since she is holding 80,000 equity shares worth ₹ 8,00,000 which is less than one-tenth of the issued and paid-up equity share capital of Golden Kalash Clothes Private Limited.

- (c) Jasmine, being one-tenth of the total number of shareholders, can apply to the National Company Law Tribunal (NCLT) for relief against oppression and mismanagement propagated by Golden Kalash Clothes Private Limited.
  - (d) Jasmine, being a single member, cannot apply for relief against oppression and mismanagement propagated by Golden Kalash Clothes Private Limited since at least 50% of total shareholders must apply for such relief *i.e.* at least 5 shareholders in the present case.
62. For the past five years Mr. Rohtash was the holder 5,500 shares of Delta Software Solutions Ltd. which has issued share capital of ₹ 5,00,000 divided into 50,000 shares of ₹ 10 each. Mr. Rohtash was in the knowledge of some material changes that had taken place in Delta Software Solutions Ltd. and according to him they were prejudicial to the interest of members as well as the company. To contain the directors from continuing with unjustified changes, he wanted to make an application to the jurisdictional National Company Law Tribunal (NCLT) under Section 241 of the Companies Act, 2013. However, before Mr. Rohtash could proceed further and file the application with NCLT, he expired within one hour because of severe heart attack. Immediately thereafter, his only son Umang, a child specialist working in the Government Hospital, inherited his 5,500 shares. Is it possible for Umang to file an application with the jurisdictional National Company Law Tribunal (NCLT) highlighting the conduct of the affairs of the company in a manner which is prejudicial to the interest of members as well as the company. Choose the correct option from those given below whether Umang can proceed further:
- (a) Though Mr. Rohtash was eligible under Section 244 of the Companies Act, 2013 to make an application to the jurisdictional National Company Law Tribunal (NCLT) but his son Umang cannot file the application because he has not yet completed six months as holder of the shares which he inherited after the death of his father Mr. Rohtash.
  - (b) Though Mr. Rohtash was eligible under Section 244 of the Companies Act, 2013 to make an application to the

jurisdictional National Company Law Tribunal (NCLT) but his son Umang cannot file the application because he has not yet completed four months as holder of the shares which he inherited after the death of his father Mr. Rohtash.

- (c) Though Mr. Rohtash was eligible under Section 244 of the Companies Act, 2013 to make an application to the jurisdictional National Company Law Tribunal (NCLT) but his son Umang cannot file the application because he has not yet completed three months as holder of the shares which he inherited after the death of his father Mr. Rohtash.
  - (d) Since Mr. Rohtash was eligible under Section 244 of the Companies Act, 2013 to make an application to the jurisdictional National Company Law Tribunal (NCLT), his son Umang can also file the application because he has inherited the 5,500 shares after the death of his father Mr. Rohtash.
63. The requisite members of Shukla Stationers Limited filed a class action suit to restrain the company from taking action contrary to a resolution passed by the company in the Extra-ordinary General Meeting (EGM). After following the due process of law, the National Company Law Tribunal (NCLT) passed an order restraining the company from taking action contrary to the resolution. Instead of complying with such order of National Company Law Tribunal (NCLT), Shukla Stationers Limited took action which was contrary to the said resolution. From the following options, choose the one which indicates the fine that can be levied on Shukla Stationers Limited:
- (a) For not complying with the order passed by the National Company Law Tribunal, Shukla Stationers Limited is punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees.
  - (b) For not complying with the order passed by the National Company Law Tribunal, Shukla Stationers Limited is punishable

with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

(c) For not complying with the order passed by the National Company Law Tribunal, Shukla Stationers Limited is punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.

(d) For not complying with the order passed by the National Company Law Tribunal, Shukla Stationers Limited is punishable with fine which shall not be less than twenty five thousand rupees but which may extend to one lakh rupees.

64. Mr. Derek Jonathan, a majority shareholder, represented himself to be the Managing Director of Floyd Ceramics Ltd., and also discharged the functions in the capacity as Managing Director. However, he was not formally appointed as Managing Director of Floyd Ceramics Ltd. A group of six members, holding 1/12th of the issued share capital, which amounted to 1/10th of paid-up share capital of the company filed an application with the National Company Law Tribunal (NCLT) claiming that such an act of Mr. Derek Jonathan constituted oppression. The total number of members of Floyd Ceramics Ltd. are seventy-two. Which of the following statements is the most appropriate one in the above-mentioned situation?

(a) The group of six members cannot file an application with National Company Law Tribunal (NCLT) as the strength of members is less than 1/10th of total number of members of Floyd Ceramics Ltd. However, after filing the application with NCLT, it is within the discretion of NCLT to allow the application to be filed even with fewer number of members.

(b) The group of six members cannot file an application with National Company Law Tribunal (NCLT) since the members hold less than 1/10th of the issued share capital of the company.

(c) The group of six members cannot file an application with the National Company Law Tribunal (NCLT) since the given fact pattern does not constitute oppression.

- (d) Since the group of six members holds 1/10th of the paid-up share capital of the company, they can file an application with the National Company Law Tribunal (NCLT).
65. Jackson Communications LLC, incorporated in Arizona, USA, has established a principal place of business at Kolkata, West Bengal. It is required to deliver requisite documents to the specified authority. You are required to select an appropriate option from the four given below which indicates the number of days within which such documents shall be delivered:
- (a) Jackson Communications LLC shall, within 10 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
  - (b) Jackson Communications LLC shall, within 15 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
  - (c) Jackson Communications LLC shall, within 30 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
  - (d) Jackson Communications LLC shall, within 45 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
66. Morgen Stern Digi Cables GmbH incorporated in Berlin, Germany, established a place of business at Mumbai to conduct its business of data interchange and other digital supply transactions online. However, Morgen Stern Digi Cables GmbH failed to deliver certain documents to the jurisdictional Registrar of Companies within the prescribed time period in compliance with the respective statutory provisions. Which option, out of the four given below, shall correctly indicate the amount of fine with which Morgen Stern Digi Cables GmbH shall be punishable for its failure to deliver certain documents:
- (a) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 50,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with

an additional fine upto 25,000 rupees for every day after the first during which the contravention continues.

- (b) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 1,00,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 20,000 rupees for every day after the first during which the contravention continues.
  - (c) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 2,00,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 50,000 rupees for every day after the first during which the contravention continues.
  - (d) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 1,00,000 rupees but which may extend to 3,00,000 rupees and in the case of a continuing offence, with an additional fine upto 50,000 rupees for every day after the first during which the contravention continues.
67. Radix Healthcare Ltd., a company registered in Thailand, although has no place of business established in India, yet it is engaged in online business through remote delivery of healthcare services in India. Select the incorrect statement from those given below as to the nature of the Radix Healthcare Ltd. in the light of the applicable provisions of the Companies Act, 2013:
- (a) Radix Healthcare Ltd. is not a foreign company as it has no place of business established in India.
  - (b) Radix Healthcare Ltd. is a foreign company being involved in business activity through telemedicine.
  - (c) Radix Healthcare Ltd. is a foreign company for conducting business through electronic mode.
  - (d) Radix Healthcare Ltd. is a foreign company as it conducts business activity in India.
68. Fam Software Company Inc., a company incorporated in Australia, proposes to establish a place of business at Mumbai. The list of the

Directors includes (i) Mr. Arjun – Managing Director, (ii) Mr. Ranveer – Director, (iii) Mr. Ramesh Malik - Director and (iv) Mr. Arbaaz - Director. Ms. Lavina has been appointed as the Secretary of Fam Software Company Inc. It is to be noted that Mr. Ramesh Malik and Mr. Arbaaz, resident in India, are the persons who have been authorised by Fam Software Company Inc. to accept on behalf of the company service of process, notices or other documents required to be served on Fam Software Company Inc. In relation to the company's establishment, you are required to enlighten the Fam Company Inc. with respect to whose, a declaration will be required to be submitted to the Registrar of Companies by Fam Software Company Inc. for not being convicted or debarred from formation of companies in or outside India.

- (a) Mr. Arjun, Mr. Ranveer, Mr. Ramesh Malik, Mr. Arbaaz and Ms. Lavina.
  - (b) Mr. Arjun, Mr. Ramesh Malik, Mr. Arbaaz and Ms. Lavina.
  - (c) Mr. Ramesh Malik and Mr. Arbaaz.
  - (d) Mr. Arjun, Mr. Ranveer, Mr. Ramesh Malik and Mr. Arbaaz.
69. Modern Books Publishers plc., a company incorporated in United Kingdom (UK) has a wholly owned subsidiary by the name Beta Periodicals Limited whose Registered Office is situated at Mumbai and which is engaged in publishing scientific, technical and speciality magazines, periodicals and journals. Beta Periodicals Limited considers itself to be a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company. From the four options given below, you are required choose the one which appropriately indicates whether Beta Periodicals Limited can be considered as a foreign company:
- (a) Beta Periodicals Limited cannot be considered as a foreign company even if it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.
  - (b) Beta Periodicals Limited shall be considered as a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.

- (c) Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the Regional Director having jurisdiction over New Delhi for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.
  - (d) Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the New Delhi Bench of National Company Law Tribunal for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.
70. 5K Cosmetic Shop plc., a company incorporated in Switzerland, is involved in digital supply services through electronic mode, the server of which is located outside India. The company follows calendar year as its financial year. Every year the company is required to prepare a balance sheet and profit and loss account. You are required to choose the correct timeline within which such documents shall be filed with the Registrar of Companies considering the provisions of Chapter XXII of the Companies Act, 2013:
- (a) Within a period of 30 days from the close of the financial year of 5K Cosmetic Shop plc.
  - (b) Within a period of 3 months from the close of the financial year of 5K Cosmetic Shop plc.
  - (c) Within a period of 60 days from the close of the financial year of 5K Cosmetic Shop plc.
  - (d) Within a period of 6 months from the close of the financial year of 5K Cosmetic Shop plc.
71. Towering Mobiles Ltd., a company incorporated in Indonesia, proposes to establish a place of business in India through electronic mode. Towering Mobiles Ltd. issued prospectus to the citizens of India for subscription of its securities. The company has been into the business for more than three years since it received the commencement of business certificate. What should the prospectus issued by Towering Mobiles Ltd. include in addition to (i) date and signature on the prospectus; (ii) the instrument defining the constitution of company; (iii) the enactment under which the company is incorporated; (iv) address in India where documents mentioned at (ii) and (iii) can be inspected:
- (a) Date and country of incorporation of company.



- (b) Address of principal office in India, if any.
  - (c) Disclosure of all such matters which are specified under Section 26 of the Companies Act, 2013.
  - (d) All of the above.
72. Aakaar Solar Energy Private Limited was allowed the status of a 'dormant company' after a certificate to this effect was issued on 1<sup>st</sup> July 2021 by the Registrar of Companies, Delhi and Haryana. From the four options stated below, select the one which correctly indicates the latest date after which the Registrar of Companies 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) The latest date after which the Registrar of Companies 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 shall be 30<sup>th</sup> June, 2022.
  - (b) The latest date after which the Registrar of Companies 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 shall be 30<sup>th</sup> June, 2023.
  - (c) The latest date after which the Registrar of Companies 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 shall be 30<sup>th</sup> June, 2024.
  - (d) The latest date after which the Registrar of Companies 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 shall be 30<sup>th</sup> June, 2026.
73. Nanny Marcons Private Limited was incorporated on 9<sup>th</sup> June, 2019. For the financial year 2019-2020, 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. Which of the following options correctly indicates as to when the Registrar of Companies can issue

certificate of status of dormant company to Nanny Marcons Private Limited on the basis of non-submission of financial statements if the company makes an application to the Registrar in this respect.

- (a) The Registrar of Companies can issue certificate of status of dormant company to Nanny Marcons Private Limited after non-submission of financial statements for the two financial years *i.e.* 2020-21 and 2021-22, if the company makes an application to the Registrar in this respect.
  - (b) The Registrar of Companies can issue certificate of status of dormant company to Nanny Marcons Private Limited after non-submission of financial statements for the next financial year *i.e.* 2020-21, if the company makes an application to the Registrar in this respect.
  - (c) The Registrar of Companies can issue certificate of status of dormant company to Nanny Marcons Private Limited after non-submission of financial statements for the three financial years *i.e.* 2020-21, 2021-22 and 2022-23, if the company makes an application to the Registrar in this respect.
  - (d) The Registrar of Companies can issue certificate of status of dormant company to Nanny Marcons Private Limited after non-submission of financial statements for the four financial years *i.e.* 2020-21, 2021-22, 2022-23 and 2023-24, if the company makes an application to the Registrar in this respect.
74. Mr. Rudra Sampat, an employee of Rajeev SuperMart Limited, filed a complaint against the company for the illegal issue and transfer of securities before the Special Court. Choose the correct basis from the four bases given below on which the said complaint shall be rejected by the Special Court:
- (a) The above offence of illegal issue and transfer of securities by Rajeev SuperMart Limited is a non-cognizable and therefore, it is out of the jurisdiction of the Special Court.
  - (b) Since the Court is barred to entertain a complaint relating to illegal issue and transfer of securities by Rajeev SuperMart Limited, it is out of the jurisdiction of the Special Court.

- (c) Mr. Rudra Sampat, being an employee of Rajeev SuperMart Limited, is not a competent person to file a complaint against the company for an offence relating to illegal issue and transfer of securities.
  - (d) In respect of illegal issue and transfer of securities by Rajeev SuperMart Limited, a complaint can be filed before the Court by the Registrar of Companies, a shareholder or a member of the company, or a person authorised by the Central Government in that behalf.
75. Mr. Anand, Mr. Bipin, Mrs. Carol, Mr. Dhruv and Mr. Eknath are five Directors of the Elite Transporters Ltd. The Board of Directors of Elite Transporters Ltd. conducted five Board Meetings in the Financial Year 2020-21 which were attended by Mr. Anand, Mrs. Carol and Mr. Dhruv in full whereas Mr. Bipin attended only four meetings. However, it was noticed that Mr. Eknath failed to attend any of the Board Meetings and therefore, was liable to vacate the office of directorship but he did not vacate the office despite attracting the disqualification. You are required to choose the correct option from the following four which indicates the quantum of punishment that is applicable in case of Mr. Eknath for attracting the disqualification but not vacating the office of directorship as a consequence thereof:
- (a) For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000.
  - (b) For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 5,00,000.
  - (c) For not vacating the office of directorship even after attracting disqualification, Mr. E shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 3,00,000.

- (d) For not vacating the office of directorship even after attracting disqualification, Mr. Eknath shall be punishable with fine which shall not be less than ₹ 1,50,000 but which may extend to ₹ 3,00,000.
76. The Registrar of Companies (RoC), Mumbai, moved an application under Section 272 of the Companies Act, 2013 to the National Company Law Tribunal for winding-up of the Isabella Gymnasium Products Limited. During the pendency of the winding-up application, the National Company Law Tribunal, considering the best interest of the parties to the application, *suo motu* is desirous of referring the matter of the proceedings pending before it to the Mediation and Conciliation Panel formed under Section 442 of the Companies Act, 2013. You are required to select the correct option from the four given below whether National Company Law Tribunal can, *suo motu*, refer the proceedings pending before it to the Mediation and Conciliation Panel:
- (a) The National Company Law Tribunal is empowered to refer, *suo motu*, any matter pertaining to above stated proceedings to the Mediation and Conciliation Panel.
  - (b) The National Company Law Tribunal cannot, *suo motu*, refer any matter pertaining to above stated proceedings to the Mediation and Conciliation Panel as only Central Government is empowered to take such action.
  - (c) The National Company Law Tribunal cannot, *suo moto*, refer any matter pertaining to above stated proceedings to the Mediation and Conciliation Panel without first obtaining the consent of the parties to the proceedings.
  - (d) The National Company Law Tribunal shall refer any matter pertaining to above stated proceedings to the Mediation and Conciliation Panel only after obtaining prior approval of the Central Government in this behalf.
77. Rhea Marketing and Consultants Limited, incorporated under the Companies Act, 2013, had made political contributions amounting to

₹ 1,00,000 to a political party registered under section 29A of the Representation of the People Act, 1951. The statutory auditor of the company, while reviewing the donations made to the said political party, found that no proper board resolution authorizing the donation was made. Since there is contravention of the applicable provisions, it is imperative that the Directors of Rhea Marketing and Consultants Limited would liable to be punished with imprisonment upto six months and with fine up to five times the amount of contribution so made. You are required to choose the correct option which indicates the category under which offence committed by the Directors of the company will fall considering the applicable provisions of the Companies Act, 2013:

- (a) Compoundable offence.
- (b) Non-compoundable offence.
- (c) Compoundable and cognizable offence.
- (d) Non-compoundable and non-cognizable offence.

78. With the consent of the parties involved, the Delhi Bench of National Company Law Tribunal (NCLT) passed an order on September 21, 2021 in respect of an application filed before it. Mr. Rohit, who received the order of NCLT on September 24, 2021, felt aggrieved by the said order and therefore, filed an appeal before the National Company Law Appellate Tribunal (NCLAT) on January 5, 2022 showing sufficient cause of delay for not filling the appeal within 45 days from the date of the order of NCLT or even within the extended period of 45 days. Choose the correct option from those given below as to whether the appeal is admissible before the National Company Law Appellate Tribunal (NCLAT) after showing the cause of delay in filing the appeal:

- (a) Even after showing sufficient cause of delay in filing the appeal, Mr. Rohit's appeal can be admitted only upto the extended period of next 45 days after the expiry of first 45 days from the receipt of the order and the said extended period of time has already expired.

- (b) Since NCLT passed the order with the consent of the parties involved, Mr. Rohit's appeal can be admitted by NCLAT within the initial 45 days because extended period of 45 days cannot be granted to him.
  - (c) Since Mr. Rohit has shown sufficient cause of delay for not filing the appeal within the extended period of 45 days after the expiry of first 45 days from the receipt of the order, his appeal can be admitted by NCLAT.
  - (d) Mr. Rohit's appeal cannot be admitted by NCLAT since the order was passed by the NCLT with the consent of the parties who filed the application before it.
79. Requisite number of shareholders of Vimaan Aerospace Limited, which has been incorporated under the Companies Act, 2013, filed an application with the National Company Law Tribunal (NCLT) under Section 241 highlighting the mismanagement in the conduct of the affairs of the company. Taking cognizance of the application, the National Company Law Tribunal (NCLT) passed an order under Section 420 on November 23, 2021, providing the sought after relief to the shareholders of Vimaan Aerospace Limited. On finding some mistake in the order, the shareholders brought the same to the notice of NCLT for rectification. You are required to select the correct statement from those given below as to the circumstances under which NCLT would be able to amend its order and the maximum period which the said order can be amended:
- (a) National Company Law Tribunal (NCLT) can amend its order to rectify any mistake apparent from the record when such mistake is brought to its notice by the parties and further, the order can be amended by NCLT at any time within a period of six months from the date of such order provided no appeal has been made against the said order.
  - (b) National Company Law Tribunal (NCLT) can amend its order to rectify any mistake apparent from the record when such mistake is brought to its notice by the parties and further, the order can be amended by NCLT at any time within a period of

one year from the date of such order provided no appeal has been made against the said order.

- (c) National Company Law Tribunal (NCLT) can amend its order to rectify any mistake apparent from the record when such mistake is brought to its notice by the parties and further, the order can be amended by NCLT at any time within a period of two years from the date of such order provided no appeal has been made against the said order.
- (d) National Company Law Tribunal (NCLT) can amend its order to rectify any mistake apparent from the record when such mistake is brought to its notice by the parties and further, the order can be amended by NCLT at any time within a period of three years from the date of such order provided no appeal has been made against the said order.

80. An application under Section 9 of the Insolvency and Bankruptcy Code, 2016 was filed by the Raheja Portland Cement Limited in the capacity as operational creditor against the corporate debtor Makhija Builders and Developers Limited. The application was admitted by the order of the National Company Law Tribunal – Mumbai (NCLT, Mumbai) after giving a reasonable opportunity of being heard to Makhija Builders and Developers Limited and Mr. Ritesh was appointed as Interim Resolution Professional (IRP). However, Mr. Sanskar and Mr. Satvik, two of the directors of Makhija Builders and Developers Limited, were suspicious about the claims filed by Raheja Portland Cement Limited since they were much more than what was due to the company and therefore, they are desirous of making an appeal against the order of the NCLT, Mumbai. You, as a legal advisor, are required to advise them as to the maximum time within which an appeal against the order of the NCLT, Mumbai, can be filed by them with the National Company Law Appellate Tribunal (NCLAT).

- (a) Mr. Sanskar and Mr. Satvik, the two directors of Makhija Builders and Developers Limited shall be able to prefer an appeal against the order passed by NCLT, Mumbai under Section 9 of the Insolvency and Bankruptcy Code, 2016, within a period of 45 days from the date of order.

- (b) Mr. Sanskar and Mr. Satvik, the two directors of Makhija Builders and Developers Limited shall be able to prefer an appeal against the order passed by NCLT, Mumbai under Section 9 of the Insolvency and Bankruptcy Code, 2016, within a period of 30 days from the date of order.
  - (c) Mr. Sanskar and Mr. Satvik, the two directors of Makhija Builders and Developers Limited shall be able to prefer an appeal against the order passed by NCLT, Mumbai under Section 9 of the Insolvency and Bankruptcy Code, 2016, within a period of 15 days from the date of order.
  - (d) Mr. Sanskar and Mr. Satvik, the two directors of Makhija Builders and Developers Limited shall be able to prefer an appeal against the order passed by NCLT, Mumbai under Section 9 of the Insolvency and Bankruptcy Code, 2016, within a period of 10 days from the date of order.
81. All the four directors of Rinkoo Toys Limited are not on the same pace in running the business operations of the company; rather they are more concerned in enhancing their own business interests. Due to this unhealthy phenomenon, the company has defaulted in filing with the jurisdictional Registrar its financial statements or annual returns. For how many consecutive years if the company defaults in filing its financial statements or annual returns that the Tribunal may order its winding up on a petition filed by the Registrar:
- (a) If the company defaults in filing its financial statements or annual returns for immediately preceding three consecutive financial years, the Tribunal may order its winding up on a petition filed by the Registrar.
  - (b) If the company defaults in filing its financial statements or annual returns for immediately preceding five consecutive financial years, the Tribunal may order its winding up on a petition filed by the Registrar.
  - (c) If the company defaults in filing its financial statements or annual returns for immediately preceding six consecutive



financial years, the Tribunal may order its winding up on a petition filed by the Registrar.

- (d) If the company defaults in filing its financial statements or annual returns for immediately preceding seven consecutive financial years, the Tribunal may order its winding up on a petition filed by the Registrar.

82. Ruby Diamonds Limited is required to establish 'Vigil Mechanism' though it is neither a listed company nor a company which has accepted deposits from the public. Name the third criterion because of which it is necessitated that the company needs to create 'Vigil Mechanism'.

- (a) As per the last audited financial statements, Ruby Diamonds Limited has borrowed money from banks and public financial institutions in excess of ₹ 50 crores.
- (b) As per the last audited financial statements, the subscribed capital of Ruby Diamonds Limited is in excess of ₹ 50 crores.
- (c) As per the last audited financial statements, the paid-up capital of Ruby Diamonds Limited is in excess of ₹ 50 crores.
- (d) As per the last audited financial statements, the turnover of Ruby Diamonds Limited is in excess of ₹ 50 crores.

83. Aayush, Bipin, Carroll & Co., a firm of Chartered Accountants, was appointed as statutory auditor of Ruchika Flavours Limited, a listed company, for the financial year 2019-20. Mr. Bipin is the engaging partner of the said audit with a team of fifteen members. While conducting audit of the financial statements of Ruchika Flavours Limited, two members of Mr. Bipin's team, who are Chartered Accountants, passed the information to their friends and relatives disclosing that the profits of Ruchika Flavours Limited for this year are increasing by 25% in comparison to the previous audited financial year. At the time of passing the information, it was not available in the public domain through the company. Certain persons who were in possession of this information, purchased the shares of Ruchika Flavours Limited at a low price. After the audited financial statements came into public domain, the market price of the shares increased

sharply and they made profit by selling the shares, earlier purchased at low price, at the enhanced market price. You are required to select the correct option which indicates whether it is a case of insider trading or not and if it is a case of insider trading then the quantum of penalty that can be levied under the Securities and Exchange Board of India, Act, 1992.

- (a) It is not a case of insider trading since both the Chartered Accountants are part of statutory audit team and therefore, are not restricted to use any information relating to Ruchika Flavours Limited.
- (b) It is not a case of insider trading since the information disclosed by both the Chartered Accountants of statutory audit team is not a price-sensitive information.
- (c) It is a case of insider trading and therefore, the penalty leviable would be not less than ₹ 10 lacs but which may extend to ₹ 25 crores or three times of profits made out of insider trading, whichever is higher.
- (d) It is a case of insider trading and therefore, the penalty leviable would be not less than ₹ 25 crores or three times of profits made out of insider trading, whichever is lower.

84. Akshara Builders and Developers Ltd., a company listed on BSE Limited, is contemplating upper revision in the rate of interest of its existing 12% bonds by 1% so as to make them 13% bonds with effect from August 14, 2021. The said proposal is to be laid before the Board of Directors at a Board Meeting to be held on July 14, 2021. From the following options, choose the one which correctly indicates the latest date by which Akshara Builders and Developers Ltd. is required to intimate the BSE Limited about the Board Meeting where increase in rate of interest is being considered, keeping in view the Regulation 29 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- (a) Akshara Builders and Developers Ltd. is required to intimate BSE Limited about the Board Meeting, where increase in rate of interest is being considered, latest by July 1, 2021.

- (b) Akshara Builders and Developers Ltd. is required to intimate BSE Limited about the Board Meeting, where increase in rate of interest is being considered, latest by July 3, 2021.
  - (c) Akshara Builders and Developers Ltd. is required to intimate BSE Limited about the Board Meeting, where increase in rate of interest is being considered, latest by July 5, 2021.
  - (d) Akshara Builders and Developers Ltd. is required to intimate BSE Limited about the Board Meeting, where increase in rate of interest is being considered, latest by July 7, 2021.
85. In September, 2020, Mr. Purshottam Saha visited Atlanta as well as Athens and thereafter, London and Berlin on a month-long business trip, for which he withdrew foreign exchange to the extent of US\$ 50,000 from his banker State Bank of India, New Delhi branch. In December, 2020 he further, withdrew US\$ 50,000 from SBI and remitted the same to his son Raviyansh Saha who was studying in Toronto, Canada. In the first week of January, 2021, he sent his ailing mother Mrs. Savita Saha for a specialised treatment along with his wife Mrs. Rashmi Saha to Seattle where his younger brother Pranav Saha, holder of Green Card, is residing. For the purpose of his mother's treatment and to help Pranav Saha to meet increased expenses, he requested his banker SBI to remit US\$ 75,000 to Pranav Saha's account maintained with Citibank, Seattle. In February, 2021, Mr. Purshottam Saha's daughter Devanshi Saha got engaged and she opted for a 'destination marriage' to be held in August, 2021 in Zurich, Switzerland. While on a trip to Dubai in the last week of March, 2021, he again withdrew US\$ 35,000 to be used by him and Devanshi Saha for meeting various trip expenses including shopping in Dubai. Later, the event manager gave an estimate of US\$ 2,50,000 for the wedding of Devanshi Saha at Zurich, Switzerland. Which option do you think is the correct one in the light of applicable provisions of Foreign Exchange Management Act, 1999 including obtaining of prior approval, if any, from Reserve Bank of India since Mr. Purshottam Saha withdrew foreign exchange on various occasions from his banker State Bank of India.
- (a) In respect of withdrawal of foreign exchange on various occasions from his banker State Bank of India and remitting the same outside India during the financial year 2020-21,

Mr. Purshottam Saha is not required to obtain any prior approval.

- (b) In respect of withdrawal of US\$ 35,000 in the last week of March, 2021, for a trip to Dubai, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India since the maximum amount of foreign exchange that can be withdrawn in a financial year is US\$ 1,75,000.
  - (c) After withdrawing US\$ 1,00,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2020-21, otherwise SBI would not have permitted further withdrawals.
  - (d) After withdrawing US\$ 50,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2020-21, otherwise SBI would not have permitted further withdrawals.
86. M/s. Kedhar Sports Academy, a private coaching club, provides coaching for cricket, football and other similar sports. It coaches sports aspirants pan India. It also conducts various sports events and campaigns, across the country. In 2022, to mark the 25<sup>th</sup> year of its operation, a cricket tournament (akin to the format of T-20) is being organized by M/s. Kedhar Sports Academy in Lancashire, England, in the first half of April. The prize money for the 'winning team' is fixed at USD 40,000 whereas in case of 'runner-up', it is pegged at USD 11,000. You are required to choose the correct option from the four given below which signifies the steps to be taken by M/s. Kedhar Sports Academy for remittance of the prize money of USD 51,000 (*i.e.* USD 40,000+USD 11,000) to England keeping in view the relevant provisions of Foreign Exchange Management Act, 1999:
- (a) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Ministry of Human Resource Development (Department of Youth Affairs and Sports).

- (b) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Reserve Bank of India.
  - (c) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is not required to obtain any prior permission from any authority, whatsoever, and it can proceed to make the remittance.
  - (d) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Ministry of Finance (Department of Economic Affairs).
87. Akash Ceramics Limited, an Indian company, holds a commercial plot in Chennai which it intends to sell. M/s. Super Seller, a real estate broker with its Head Office in the USA, has been appointed by Akash Ceramics Limited to find some suitable buyers for the said commercial plot in Chennai which is situated at a prime location. M/s. Super Seller identifies Glory Estate Inc., based out of USA, as the potential buyer. It is to be noted that Glory Estate Inc. is controlled from India and hence, is a 'Person Resident in India' under the applicable provisions of Foreign Exchange Management Act, 1999. A deal is finalised and Glory Estate Inc. agrees to purchase the commercial plot for USD 600,000 (assuming 1 USD = ₹70). According to the agreement, Akash Ceramics Limited is required to pay commission @ 7% of the sale proceeds to M/s. Super Seller for arranging the sale of commercial plot to Glory Estate Inc. and commission is to remitted in USD to the Head Office of M/s. Super Seller located in USA. Considering the relevant provisions of Foreign Exchange Management Act, 1999, which statement out of the four given below is correct (ignoring TDS implications arising under the Income-tax Act, 1961):
- (a) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission upto USD 25,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 17,000, prior permission of RBI is required to be obtained.
  - (b) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission upto

USD 30,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 12,000, prior permission of RBI is required to be obtained.

- (c) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.
  - (d) It is mandatory to obtain prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.
88. Mr. Raman, a non-resident Indian, has a Systematic Investment Plan (SIP) with a prominent Indian mutual fund. Due to some impending financial difficulties, he requested his elder brother Mr. Raghav, a resident Indian currently working as Manager in a multi-national company at Mumbai, to make payment of a few subsequent instalments of SIP on his behalf. Which option, do you think, correctly signifies whether Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother considering the applicable provisions of the Foreign Exchange Management Act, 1999:
- (a) Mr. Raghav is not permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother since it amounts to payment for the credit of a non-resident person.
  - (b) Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother since Mr. Raman is his real brother.
  - (c) Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother only if his employer permits.
  - (d) Mr. Raghav is permitted to undertake such transaction of paying a few instalments of SIP on behalf of his non-resident brother only if he obtains prior permission of Reserve Bank of India.

89. Mohita Periodicals and Mags Publications Limited, having registered office in Chennai, has obtained consultancy services from an entity based in France for setting up a software programme to strengthen various aspects relating to publications. The consideration for such consultancy services is required to be paid in foreign currency. The compliance officer of Mohita Periodicals and Mags Publications Limited, Mrs. Ritika requires your advice regarding the foreign exchange that can be remitted for the purpose of obtaining consultancy services from abroad without prior approval of Reserve Bank of India. Out of the following four options, choose the one which correctly portrays the amount of foreign exchange remittable for the given purpose after considering the provisions of the Foreign Exchange Management Act, 1999 and regulations made thereunder:
- (a) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 50,000,000.
  - (b) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 10,000,000.
  - (c) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 5,000,000.
  - (d) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 1,000,000.
90. After five years of stay in USA, Mr. Umesh came to India at his paternal place in New Delhi on October 25, 2019, for the purpose of conducting business with his two younger brothers Rajesh and Somesh and contributed a sum of ₹ 10,00,000 as his capital. Simultaneously, Mr. Umesh also started a proprietary business of selling artistic brass

ware, jewelry, etc. procured directly from the manufacturers based at Moradabad. Within a period of two months after his arrival from USA, Mr. Umesh established a branch of his proprietary business at Minnesota, USA. You are required choose the appropriate option with respect to residential status of Mr. Umesh and his branch for the financial year 2020-21 after considering the applicable provisions of the Foreign Exchange Management Act, 1999:

- (a) For the financial year 2020-21, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident outside India.
  - (b) For the financial year 2020-21, Mr. Umesh is a resident in India but his branch established at Minnesota, USA, is a person resident outside India.
  - (c) For the financial year 2020-21, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident in India.
  - (d) For the financial year 2020-21, Mr. Umesh is a person resident outside India but his branch established at Minnesota, USA, is a person resident in India.
91. Aakansha Plastics Limited, having registered office at Bhatinda, Punjab, was formed in the year 2005. On March 31, 2021, its paid-up share capital was ₹ 5,00,00,000; Amount due from Debtors *viz.* Shilpa Furnitures Private Limited and Shobhna Traders & Co. ₹ 4,00,00,000; Secured loans obtained from Crescent Bank Limited ₹ 6,00,00,000; Amount due to creditors, namely, Sambhav & Sons and Satyadev Suppliers Private Limited ₹ 3,00,00,000. The performance of the company decreased sharply due to stiff competition, wrong planning and mismanagement and it came on the verge of insolvency. Choose from the following alternatives as to who is the corporate debtor:
- (a) Shilpa Furnitures Private Limited and Shobhna Traders & Co.
  - (b) Aakansha Plastics Limited.
  - (c) Sambhav & Sons and Satyadev Suppliers Private Limited.
  - (d) Crescent Bank Limited.



92. Nandeesh, a resident Indian, remitted USD 1,00,000 on 7<sup>th</sup> June, 2021, to his son Ishaan who is settled in California, USA, since he urgently required funds. On 9<sup>th</sup> July, 2021, Nandeesh again remitted USD 71,000 to meet expenses to be incurred in respect of his ailing wife, Medhavi who had recently gone to USA to meet his son Ishaan but had developed serious coronary disease. For specialised treatment of Medhavi at a specialised hospital, a sum of USD 79,000 was remitted for the second time on 30<sup>th</sup> July, 2021 by Nandeesh. Within next 10 days, Medhavi recovered and was allowed to return to her son's residence from the hospital. Choose the correct option from those stated below as to when Nandeesh can send further foreign exchange to his son Ishaan for the purpose of purchasing a house without obtaining the prior approval of Reserve Bank of India:
- (a) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of April, 2022 or thereafter.
  - (b) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of January, 2022 or thereafter.
  - (c) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of July, 2022 or thereafter.
  - (d) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of November, 2021 or thereafter.
93. Mr. Roshan gave ₹ 2,00,000 each in cash to two of his friends, Mr. Manav and Mr. Vivian since they were in dire need of money for their own businesses. Later on, at the time of repayment, he asked both of them to buy his products at inflated rates *via* credit cards and online transfer of funds. The payments were to be made in installments in next couple of months for which he issued bills and started adjusting the amount in his books of account. Is this 'payment system'

originating through credit cards and online transfer mode covered under the Prevention of Money Laundering Act, 2002? Choose the correct answer from the following options:

- (a) Since payments are made through credit cards and online transfers, hence all the transactions are genuine and not covered under the Prevention of Money Laundering Act, 2002.
  - (b) Money laundering transactions executed through credit cards and online transfers come under the Prevention of Money Laundering Act, 2002.
  - (c) Since Mr. Manav and Mr. Vivian are not getting any benefit from these transactions, hence they are not covered under the Prevention of Money Laundering Act, 2002.
  - (d) Since the transactions are not done with shell companies, they are not covered under the Prevention of Money Laundering Act, 2002.
94. Alexander Philip, a foreign citizen, has made donations in kind to his known resident Indians for their personal use. When shall such donation in kind be excluded from the definition of 'foreign contribution' considering the relevant provisions of Foreign Contribution (Regulation) Act, 2010?
- (a) A donation in kind by a foreign citizen to a resident Indian shall be excluded from the definition of 'foreign contribution', if the market value, in India, of such article, on the date of such gift, is more than ₹ 1,00,000 but less than ₹ 5,00,000.
  - (b) A donation in kind by a foreign citizen to a resident Indian shall be excluded from the definition of 'foreign contribution', if the market value, in India, of such article, on the date of such gift, is more than ₹ 5,00,000 but less than ₹ 10,00,000.
  - (c) Any donation in kind given by a foreign citizen to a resident Indian for personal use is always excluded.
  - (d) A donation in kind by a foreign citizen to a resident Indian shall be excluded from the definition of 'foreign contribution', if the

market value, in India, of such article, on the date of such gift, is not more than ₹ 1,00,000.

95. Mrs. Komal and Mr. Rajesh entered into an arbitration agreement in writing for the disputes that might arise in future in relation to their business transactions. Due to certain fault on the part of Mr. Rajesh, a dispute arose and came before the arbitrator for settlement. Before the conclusion of the arbitration proceedings, Mrs. Komal expired. Mr. Rajesh shed of the disputed liabilities on the plea that arbitration agreement had come to an end with the expiry of the other party. In the given situation, which option out of the four given below is appropriately applicable:
- (a) The arbitration agreement between Mrs. Komal and Mr. Rajesh gets terminated due to the expiry of Mrs. Komal.
  - (b) The arbitration agreement between Mrs. Komal and Mr. Rajesh shall remain enforceable and can be continued by the legal representatives of Mrs. Komal.
  - (c) Since the arbitration agreement between Mrs. Komal and Mr. Rajesh was made privately between themselves, it will get terminated with the expiry of Mrs. Komal.
  - (d) Both (a) & (c).
96. Mr. Abhilash, Mr. Benjamin and Mr. Chandan are partners in a partnership firm named M/s. Abenchan Agro Products & Co. An agreement in writing was reached among the partners to refer any business dispute among them to an arbitrator. In spite of this written agreement, Mr. Benjamin files a suit against Mr. Abhilash and Mr. Chandan disputing certain decisions in a Magistrate Court. Out of the following options, select the one which correctly depicts as to the admission of the suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan by the Magistrate Court in the light of the Arbitration and Conciliation Act, 1996.
- (a) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan can be admitted by the Magistrate Court, since the

said Court has jurisdiction over the disputed matter and it overpowers arbitration agreement.

- (b) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan can be admitted by the Magistrate court, only in the case of challenge to the Arbitral Award in appeal.
  - (c) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan can be admitted by the Magistrate court only if both Mr. Abhilash and Mr. Chandan mutually agree for filing of such suit by Mr. Benjamin.
  - (d) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan cannot be admitted by the Magistrate Court since the jurisdiction of the said Court is ousted because of existence of a valid arbitration agreement.
97. New Era Financial Services Limited of New Delhi, registered with Reserve Bank of India as Non-banking Financial Company (NBFC), has defaulted in the payment of dues to its catering contractor, Samarth Sweets, a partnership concern owned by two real brothers Swarn and Shivi. From the following four options, select the one which indicates whether Samarth Sweets being catering contractor can initiate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016, against the company in the capacity as an operational creditor:
- (a) The catering contractor Samarth Sweets in the capacity as operational creditor is entitled to initiate insolvency process against New Era Financial Services Limited.
  - (b) The catering contractor Samarth Sweets in the capacity as operational creditor is not entitled to initiate insolvency process against New Era Financial Services Limited because 'financial service providers' are excluded.
  - (c) The catering contractor Samarth Sweets in the capacity as operational creditor is not entitled to initiate insolvency process

against New Era Financial Services Limited since it is a partnership concern and not a limited company.

- (d) Since 'catering service provider' is an excluded service, the catering contractor Samarth Sweets in the capacity as operational creditor is not entitled to initiate insolvency process against New Era Financial Services Limited.

98. Ruby Petals Limited, a small company, files an application with the National Company Law Tribunal (NCLT) stating that the fast track corporate insolvency resolution process against it cannot be completed within the prescribed period of 90 days. On being satisfied, NCLT orders to extend the period of such process by 30 days. However, Ruby Petals Limited again initiates an application for further extension of time period of insolvency process by another 10 days. From the four options given below which one, do you think, is applicable in such a situation:

- (a) National Company Law Tribunal can extend the period of fast track corporate insolvency resolution process against Ruby Petals Limited by another 10 days since total extension does not exceed 45 days.
- (b) National Company Law Tribunal can extend the period of fast track corporate insolvency resolution process against Ruby Petals Limited by another 10 days if the corporate debtor deposits ₹ 50,000 as penalty.
- (c) National Company Law Tribunal can extend the period of fast track corporate insolvency resolution process against Ruby Petals Limited by another 10 days if the corporate debtor deposits ₹ 1,00,000 as penalty.
- (d) National Company Law Tribunal cannot extend the period of fast track corporate insolvency resolution process against Ruby Petals Limited by another 10 days since such extension shall not be granted more than once.

99. Munikh Hospitality Services Limited was admitted in the Corporate Insolvency Resolution Process (CIRP) under Section 7 of the

Insolvency and Bankruptcy Code. The Resolution Professional (RP) Mr. Somesh, after his appointment, conducted a meeting of Committee of Creditors (CoC) but the same was adjourned due to the lack of quorum. At the appointed date and time, when the adjourned meeting was resumed, a resolution was passed by the CoC members present, representing 51% of the voting rights, for liquidation of Munikh Hospitality Services Limited, the Corporate Debtor, before the completion of the Corporate Insolvency Resolution Process (CIRP). You, as a qualified Chartered Accountant comprising the team of RP, are required to advise whether the resolution of liquidation passed by certain members of CoC representing 51% of the voting rights is valid or not considering the applicable provisions of the Insolvency and Bankruptcy Code, 2016.

- (a) The resolution of liquidation of Munikh Hospitality Services Limited passed by certain members of CoC representing 51% of the voting rights is not valid since the resolution has not been approved by minimum of 90% of the voting shares of the creditors.
  - (b) The resolution of liquidation of Munikh Hospitality Services Limited passed by certain members of CoC representing 51% of the voting rights is not valid since the resolution has not been approved by minimum of 66% of the voting shares of the creditors.
  - (c) The resolution of liquidation of Munikh Hospitality Services Limited passed by certain members of CoC representing 51% of the voting rights is not valid since such resolution cannot be passed before the completion of the CIRP.
  - (d) The resolution of liquidation of Munikh Hospitality Services Limited passed by certain members of CoC representing 51% of the voting rights is valid since the same has been passed by the majority of creditors.
100. Shivdeep submitted his claim as an operational creditor to the liquidator of Chiranjeevi Food Products Limited which is under liquidation. After submission of his claim, Shivdeep is desirous of

altering it. Out of the following four options, which one correctly indicates the time period within which he can alter his claim after its submission.

- (a) Shivdeep can alter his claim within five days of its submission to the liquidator of Chiranjeevi Food Products Limited.
  - (b) Shivdeep can alter his claim within ten days of its submission to the liquidator of Chiranjeevi Food Products Limited.
  - (c) Shivdeep can alter his claim within fourteen days of its submission to the liquidator of Chiranjeevi Food Products Limited.
  - (d) Shivdeep can alter his claim within thirty days of its submission to the liquidator of Chiranjeevi Food Products Limited.
101. Top Footwear Limited, incorporated in Singapore, established a principal place of business at Chennai. It seeks to deliver various documents to the specified authority. Choose the correct option from those given below as to the authority to which Top Footwear Limited is required to deliver such documents:
- (a) Top Footwear Limited is required to deliver the relevant documents to the Central Government.
  - (b) Top Footwear Limited is required to deliver the relevant documents to the Registrar of Companies having jurisdiction over New Delhi.
  - (c) Top Footwear Limited is required to deliver the relevant documents to the Registrar of Companies having jurisdiction over Chennai.
  - (d) Top Footwear Limited is required to deliver the relevant documents to the National Company Law Tribunal (NCLT), Chennai Bench.
102. Rachit, Sanchit, Devshikha, Niharika, Vaishnavi, Mohit and Somesh are the directors of Vrinda Plants Limited. Sanchit was appointed as an alternate director on 25<sup>th</sup> August, 2021, in place of Mohit who had gone out of India for five months and also on the same date Somesh

was appointed as an additional director. It is to be noted that whenever a board meeting is held after the above date it shall be the first meeting to be attended by both Sanchit and Somesh. Devshikha was an interested director who was required to disclose her interest at the immediate Board Meeting to be held any time after 25th August, 2021 though her presence would not be counted when a discussion takes place on the proposal in which she was interested. Rachit expressed his inability to attend any Board meeting if it was to be held within two months from 25<sup>th</sup> August, 2021. A Board meeting is scheduled to be held on 20<sup>th</sup> September, 2021. Legally speaking, which of the directors need not be served a notice of this Board meeting.

- (a) Mohit need not be served a notice of the board meeting to be held on 20<sup>th</sup> September, 2021.
  - (b) Rachit need not be served a notice of the board meeting to be held on 20<sup>th</sup> September, 2021.
  - (c) Devshikha need not be served a notice of the board meeting to be held on 20<sup>th</sup> September, 2021.
  - (d) None of the above.
103. Prince is holding directorships in twenty companies of which seven are public companies and out of seven, three have been categorized as dormant companies. Further, in two of these seven public companies, he is holding alternate directorships. He has been offered directorships in eight more public companies. Choose the correct alternative from the following options whether he can legally hold directorships in all these newly offered eight public companies:
- (a) Along with existing twenty directorships he can be director in all the eight new companies which have offered him directorship.
  - (b) Being already director in twenty companies, he cannot accept further directorship in any other company.
  - (c) Along with existing twenty directorships he can be director only in six new companies.



- (d) Along with existing twenty directorships he can be director only in three new companies.
104. Ratnam Logistics Limited submitted a scheme of compromise to the jurisdictional National Company Law Tribunal (NCLT) and as per the orders of the Tribunal, it convened a meeting of the shareholders. Out of total 1400 shareholders having paid-up share capital of ₹ 1,10,00,000, only 1100 shareholders holding shares worth ₹ 90,00,000 attended the meeting on the appointed date. Of these, 600 shareholders with shareholding of ₹ 68,00,000 voted in favour of the scheme whereas remaining 500 shareholders voted for disapproval. Under the above circumstances, which option out of those given below is applicable:
- (a) The scheme of compromise shall be taken as approved.
  - (b) The scheme of compromise shall be taken as approved only if minimum value of shares approving the scheme is ₹ 70,00,000.
  - (c) The scheme of compromise shall be taken as approved only if minimum value of shares approving the scheme is ₹ 75,00,000.
  - (d) The scheme of compromise shall be taken as approved only if minimum value of shares approving the scheme is ₹ 80,00,000.
105. A-One Software Limited is facing continuous losses and financial crunch for the last four years or so. In order to save company from the impending liquidation, it proposed a scheme of compromise to its creditors worth ₹ 1,50,00,000 and accordingly filed the said Scheme with the jurisdictional Tribunal. Minimum how many creditors in value must agree and confirm to the scheme of compromise so that Tribunal may dispense with calling of a meeting of the creditors:
- (a) In order that the Tribunal may dispense with calling of a meeting of the creditors, it is required that creditors having value of minimum ₹ 1,35,00,000 must agree and confirm to the scheme of compromise.

- (b) In order that the Tribunal may dispense with calling of a meeting of the creditors, it is required that creditors having value of minimum ₹ 1,20,00,000 must agree and confirm to the
  - (c) In order that the Tribunal may dispense with calling of a meeting of the creditors, it is required that creditors having value of minimum ₹ 1,27,50,000 must agree and confirm to the scheme of compromise.
  - (d) In order that the Tribunal may dispense with calling of a meeting of the creditors, it is required that creditors having value of minimum ₹ 1,42,50,000 must agree and confirm to the scheme of compromise.
106. Three directors, namely Samiksha, Santosh and Samta intimated PlutoPlastic & Mechanical Toys Limited about their participation in the Board Meetings through video conferencing at the appropriate time of the year. However, after attending the first Board Meeting held in the Financial Year 2021-22 by means of video conferencing, Santosh wants to participate in the next Meeting to be held at a future date in person. Is it possible for him to do so when consent given for participation in meetings through video conferencing remains valid for full one year? Choose the correct answer from the options stated below:
- (a) Santosh cannot attend future Board Meetings in person even if the company is intimated of such intention sufficiently in advance.
  - (b) Santosh can attend future Board Meetings in person if he intimates the company of his intention sufficiently in advance.
  - (c) Santosh can attend future Board Meetings in person only if all the remaining directors consent to such request.
  - (d) Santosh can attend future Board Meetings in person but at least seventy five percent of the remaining directors (rounded off to next higher figure in case of a fraction) consent to such request.

107. Ritika Hospitality Services Limited, having its registered office in Bhikaji Cama Place, New Delhi, is providing various kind of services, major components of which are tours and travels, both in India and abroad. In addition to six directors, Andrej, a resident of Warsaw, Poland also held directorship in the company as foreign director. However, due to his extremely busy schedule at Warsaw, he resigned and requested the company to relieve him from the directorship w.e.f. 23rd July, 2021. With a view to intimate the Registrar regarding resignation of Andrej, the company filed DIR-12 on 26th July, 2021. In respect of signing and filing of DIR-11, which of the following persons in India can be authorised by Andrej in addition to a practising Chartered Accountant, a Cost Accountant in practice and a Company Secretary in practice who can sign and file the said Form DIR-11 on his behalf:
- (a) His professional friend Shailja, an advocate practising in Delhi High Court.
  - (b) His cousin Bartek residing in India and holding directorship in an unlisted company, namely, Mithila Dairy Products Limited.
  - (c) His earlier co-director Kritika, a resident director of Ritika Hospitality Services Limited who filed DIR-12 on behalf of the company intimating the Registrar regarding resignation of Andrej.
  - (d) His close friend Devansh, Managing Director of Sunshine Travels Limited which is a listed company.
108. Roopali is one of the directors in Superfast Vehicles Limited. She gave a written notice dated 10th June, 2021 in the specified Form disclosing her shareholding interest in Vixen Traders (Pvt.) Limited and caused its disclosure at the Board Meeting held immediately thereafter on 17th June, 2021. From which of the given dates, eight years are to be counted for preserving her 'notice of disclosure of interest':
- (a) From the date of notice i.e. 10th June, 2021.
  - (b) From the end of the Financial Year 2021-22.