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Question Paper	
Corporate & Economic Laws	Duration: 75
Details: Test – 2	Marks: 40

Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

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Q-1 (i) Puresoft Solutions Private Limited is incorporated in Singapore and more than 60% of the paid up share capital is held by two citizens of India who are Software Engineers. The company wants to open a branch office in Kolkata.

Determine the status of Puresoft Solutions as per the provisions of the Companies Act, 2013.

(ii) North Sea Shipping Limited is incorporated in South Korea. It has established an office in Paradeep. Mr. Jonathan is the Branch in charge and the Compliance Officer in India. He has received a communication from the Chief Executive Officer in South Korea to explore the possibilities of issuing Indian Depository Receipts to the extent of Rs. 1,000 million in financial year 2020-21. He has approached you being financial consultant for your advice.

Advise him as per the provisions of the Companies Act, 2013.

(6 marks)

Q-2 Jackpot Limited, a public limited company, with 7 Directors in the Board, had not filed annual returns and financial statements for 2 consecutive financial years. The Register after required formalities, entered the name of the company in the register maintained for dormant companies.

One of the directors suggested that since, the company was now registered as a dormant company, the company need not have 7 directors and having one or maximum two directors would suffice. Following his advice, 5 directors resigned, and the company was left with only 2 directors. The existing two directors did not file any statement with the Registrar, regarding change of directors.

Advise stating the provisions of Section 455, of the Companies Act, 2013, whether the reduction in the number of directors and not filing a statement with Registrar regarding change of Directors, is appropriate.

(5 marks)

Q-3. Amar is a branch manager in Kismat Bank Ltd. During the course of recovery drive initiated by the Bank, Amar collected around 50 lakh rupees from the defaulters / non-performing accounts. He did not credited the amount so recovered, in the respective borrower's loan account, but kept with himself. Later he absconded along with amount so collected. A FIR was lodged by the Bank and the police, after making intensive search, caught and arrested him. Charge sheet was issued and case was submitted in the court.

Give the following answers in reference to the Companies Act, 2013:

- (i) In which category, cognizance or non-cognizance, the embezzlement of cash by Amar shall be treated?
- (ii) Non-cognizable offences are less serious than that of the cognizable offences. Do you agree? Substantiate your plea by differentiating between these two.
- (iii) Which offences, Special Court cannot deal with? Whether the said case can be dealt by the Special court.

(6 marks)

Q-4. On an application filed from shareholder of Company, Tribunal (NCLT) passed an order on 20th December, 2019 without the consent of parties. Mr. Rama whose family's condition was not good so didn't take much interest in order of tribunal but after few days due to aggrieved by an order, he filed an appeal before Appellate Tribunal (NCLAT) on 15 March, 2020 showing sufficient cause of delay for not filling appeal up to 45 days from the date of order. Even after receiving order from Appellate Tribunal dated 30th April, 2020, Mr. Rama was not satisfied and desires to make application to Supreme Court on 30th October, 2020.

Considering the given situation, examine whether Appeal to be filed before the Supreme Court will be admissible?

(4 marks)

Q-5. Mr. N is appointed as an additional Director by the Board of Directors of MNR Company Limited at its meeting held on 1st October, 2017 for a period as permitted by law. The Articles of Association has conferred the power to appoint the additional director on the Board of Directors of MNR Company Limited. Prepare a Board resolution for the said purpose in the light of the given facts.

(4 marks)

Q-6. A company incorporated in France, with limited liability, established an office in Baroda, and started conducting business activity from its place of business. In compliance of Section 382 of the Companies Act, 2013, it conspicuously exhibited a name board outside its office, with the name of the company in English in big block letters.

In three days, the company received a notice from the Registrar stating that it had not properly complied with the requirements of Section 382 of the Companies Act, 2013.

Mention the areas of lapses of the foreign company, which would be mentioned in the notice.

(5 marks)

Q-7. MCQs:-

1. Aster Limited, a foreign company with a place of business in India was established to conduct the business online as to data interchange and other digital supply transactions. The said

company failed to deliver within the prescribed time period, some desired documents to the Registrar of Companies in compliance to the Companies Act, 2013. State the penalty cast on Aster Limited for the cause of its failure.

(a) Aster Ltd. punishable with fine upto Rs. 3,00,000 + additional fine upto Rs. 50,000 in case of continuing offence.

(b) Aster Ltd. punishable with fine extending upto Rs. 25,000 + additional fine upto Rs. 50,000 in case of continuing offence.

(c) Aster Ltd. punishable with fine extending upto Rs. 5,00,000 + additional fine upto Rs. 50,000 in case of continuing offence.

(d) Aster Ltd. punishable with fine levied Rs. 1,00,000 to Rs. 3,00,000 + additional fine upto Rs. 50,000 in case of continuing offence.

2. Mr. X, director of ABC Ltd. entered into an arrangement with his friend and acquired asset on the name of the ABC Ltd. Prior approval for such arrangement was required by a resolution of the company in general meeting. The notice for approval of the resolution by the company included the particulars of the arrangement along with the value of the assets duly calculated by a registered valuer. Later the Board of company discovered the loss arising out of incorrect statement in the report made by the valuer. State the liability of the valuer in the given situation-

(a) Valuer can claim immunity stating that company is not bound to accept his opinion being an expert.

(b) The valuer shall be punishable with fine only for the incorrect statement given in the report

(c) Valuer is liable to be convicted for the incorrect statement given in the report made with an intent to defraud the company or its members.

(d) Valuer cannot be held liable for damages to the company as the company have seek the prior approval of company in general meeting.

3.Mr. Rudra, an employee of the company filed a complaint against the company for the illegal issue and transfer of securities before the special court. State the correct basis for rejection of the said complaint:

- (a) This is a non-cognizable offence, so out of the jurisdiction of the special court.
- (b) The court is barred to entertain such complaint as is out of the jurisdiction of the special court.
- (c) Employee is not a competent person to file a complaint against the company for an offence relating to issue and transfer of securities
- (d) Compliant can be filed by the Registrar, a shareholder or a member of the company, or a person authorised by the Central Government in respect to the same.

(2×3= 6 Marks)

4. The Tribunal (NCLT) has passed an order on 18th December 2019 (with the consent of parties involved) for application filed before it. Mr. Rama aggrieved by the order filed an appeal before Appellate Tribunal (NCLAT) on 31st March 2020 showing sufficient cause of delay for not filling appeal upto 45 days from the date of order. Mention the correct answer whether the appeal is admissible before Appellate Tribunal after showing cause of delay.

- (a) No, as even after sufficient cause of delay, Mr. Rama's appeal can be accepted only upto next 45 Days which has already expired on 16th March 2020.
- (b) No, as Mr. Rama has already made delay of 45 days further delay is not permissible.

(c) Yes, after sufficient cause of delay appeal can be accepted even after 45 days.

(d) No, appeal cannot be admissible as earlier order was passed with the consent of parties

5. X Ltd., a foreign company along with the financial statement of FY 2020-2021 of its Indian business operations have to file statement of related party transactions, repatriation of profits and statement of transfer of funds with the Registrar latest by:

(a) April 30, 2021

(b) June 30, 2021

(c) September 30, 2021

(d) December 31, 2021

6. PQR Ltd has not been carrying on business for immediately preceding 2 financial years. The registrar is empowered to send a notice to PQR Ltd. And all its directors, of his intension to remove the name of PQR Ltd. from the register of companies if-

a) PQR Ltd. has not made any application for obtaining the status of dormant company

b) PQR Ltd. has made any application for obtaining the status of dormant company

c) PQR Ltd. has been declared as dormant company

d) PQR Ltd. has been declared as inactive company

7. Statement (1): The Tribunal shall not amend any order passed by it if an appeal has been preferred against such order.

Statement (2): The Tribunal shall send a copy of every order passed by it to the Appellate Tribunal.

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

(1×4 = 4 Marks)

