

13/01/25 13 JAN 2025  
(5:35 PM)



Roll No. ....

Total No. of Questions – 6

Total No. of Printed Pages – 12

Maximum Marks – 70

**GENERAL INSTRUCTIONS TO CANDIDATES**

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part-I questions paper, will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. **The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.**
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit the descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer book.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch will be expelled from the examination and will also be liable for further punitive action.

**PART – II**

**70 Marks**

1. Question paper comprises 6 questions. Answer Question No.1 which is compulsory and any 4 out of the remaining 5 questions.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

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Part – II

1. (a) 1,00,000 Equity shares of ₹ 100 each were issued at a premium of ₹ 2 per share by PQR Limited after offer for the same was received from the shareholders in terms of the prospectus issued by the Company on 1<sup>st</sup> April, 2022. The prospectus specified that the amount received from the issue will be exclusively used for manufacturing and distributing some life-saving drugs. In August 2024, the Company after proper market survey found that there is ample demand for Artificial Intelligence based software and therefore decided to go forward for development of such type of software. They also wanted to divert a small amount for investment in the equity shares of a large successful company. Since there was surplus money from the above issue of equity shares, the Board of Directors passed two resolutions for the above purpose; the first for investing ₹ 60,00,000 for development of Artificial Intelligence based software and the second for investing ₹ 5,00,000 in the Equity Shares in X Limited, which is a listed company. 5

In order to avoid any unwarranted situation from the shareholders, the Directors called for an extra ordinary general meeting in which votes cast in favour of the proposal was in excess of the votes cast against it. Some shareholders objected to the above action of the Board on the following grounds :

- (i) that the resolution passed in the extra-ordinary general meeting was not proper since the required majority did not approve the same;

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(ii) that the prescribed details of the notice which was given to the shareholders should also have been published in newspapers (one in English and one in vernacular language) circulating in the city where the registered office of the Company is situated indicating clearly the justification for such variation in the use of the funds; and

(iii) that the resolution passed for investing ₹ 5,00,000 in the Equity Shares in X Limited is illegal.

Referring to the applicable provisions of the Companies Act, 2013, decide, whether the contentions of the shareholders are tenable.

(b) Sohan Lal was appointed as the statutory auditor of RST Ltd., a non-government company at the Annual General Meeting held on 30<sup>th</sup> September, 2023. He has resigned after two months as he wanted to discontinue the practice and surrendered his Certificate of Practice and joined a multinational company.

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Explain how the new auditor will be appointed by RST Ltd. and the conditions to be complied with in this regard.

(c) Murari Lal, a person resident outside India, has invested in four residential immovable properties under construction in Kolkata. Each property is negotiated at ₹ 2 crore, with the companies owned by builders. This amount is to be paid in two instalments as 60% on immediate basis on booking and the balance on possession of the properties.

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The above transaction is done by the companies owned by builders through two brokers from USA on commission basis. Mr. Murari Lal as per the terms and conditions remitted 60% of the amount of all four immovable properties directly to the company.

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Answer the following explaining the provisions of the FEMA, 1999 :

- (i) Whether investment by Mr. Murari Lal and payment of commission on this transaction is permissible ?
- (ii) How much maximum amount of commission can be paid to each broker without RBI approval ?

(Ignore the USD – Rupee Exchange Rate)

2. (a) Silk Segment Private Ltd. (SSPL) is a wholly owned subsidiary of Silk Block Ltd. (SBL) a listed public limited company. The Board of Directors of Silk Segment Private Ltd. have collectively decided upon the proposal to grant loans of ₹ 15,00,000 and ₹ 20,00,000 to Mr. Sohan and Ms. Subarna respectively for the purchase of fully paid-up shares in Silk Segment Private Ltd. 3 + 2  
= 5

Mr. Sohan is the Deputy Marketing Manager of Silk Segment Private Ltd. with a monthly salary of ₹ 1,00,000; whereas Ms. Subarna, a qualified Chartered Accountant, is the Chief Financial Officer of Silk Segment Private Ltd. with a monthly salary of ₹ 2,00,000.

In view of provisions of the Companies Act, 2013, decide :

- (i) Whether the proposed loans to Mr. Sohan as well as Ms. Subarna can be disbursed by the company keeping in view that Silk Segment is a private limited company ?
- (ii) Whether the answer would be different in case only 25% shares of SSPL are held by SBL ?

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- (b) The following are the extracts from the financial statements of BUI Private Limited, which is neither a start-up nor it is an associate or subsidiary company of any other company.

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Particulars	Amount ₹
Authorised Capital: 10,00,000 Equity Shares of ₹ 100 each	10,00,00,000
Paid-up Share Capital: 8,00,000 Equity Shares of ₹ 100 each	8,00,00,000
Securities Premium Reserve Account	2,00,00,000
General Reserves	5,00,00,000
Term Loan from LMR Bank Limited	12,00,00,000
Cash Credit Loan (For Working Capital)	5,00,00,000

The Company has never failed to file the Annual Return and Financial Statements with the Registrar. The Company has already successfully repaid all the monies which were accepted earlier in the form of deposits along with due interest. Since the Company was successful in implementation of its housing project by utilizing the money accepted in the form of deposits, the Board was interested to accepting deposits once more and take up another housing project in NOIDA since the members of the Company were having sufficient surplus money which they wanted to invest in the Company to start the project. However, their condition was that the same will be provided by them if the Company accepts them in the form of deposits and the applicable provisions of the Companies Act, 2013 and Rules made thereunder are strictly complied with. But, the Board of Directors of BUI Private Limited were not in support of depositing any amount in any Deposit Repayment Reserve Account for the purpose of repayment of the said deposits, since the repayment was to be made out of the amount received from the customers who were going to book for the flats in the housing project. Two proposals came for review to the Board, out of which only one proposal was to be selected. The Board wanted you to advise them in choosing the appropriate deposit scheme.

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Proposal 1 – Acceptance of Deposits of ₹ 20,00,00,000, to be repaid with interest @ 7% per annum;

Proposal 2 – Acceptance of Deposits of ₹ 14,00,00,000, to be repaid with interest @ 8% per annum;

Referring to the applicable provisions of the Companies Act, 2013, the Rules made thereunder and the notifications issued in this respect, advise the Board stating the justification in support of your advice.

- (c) State what do you understand by the term ‘document’ as per the General Clauses Act, 1897 ? Discuss which of the following will be treated as a document :

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(i) Power of Attorney

(ii) Cheque

3. (a) UINA Infra Projects Private Limited was incorporated on 1<sup>st</sup> June, 2022. Mr. X had already registered the trade name of “UINA Infra projects” on 1<sup>st</sup> April, 2018 under the Trade Marks Act, 1999. Mr. X was suffering from a pro-longed disease since 1<sup>st</sup> April, 2021. When Mr. X recovered from illness on 20<sup>th</sup> May, 2024 and joined his own office on 5<sup>th</sup> July, 2024, he came to know from his staff members that a company has been incorporated with the name UINA Infra Projects Private Limited. He lodged a complaint with the Regional Director on 10<sup>th</sup> July, 2024 requesting him to order the Company to change its name. The Regional Director examined the application of Mr. X and on 11<sup>th</sup> July, 2024, issued a direction to UINA Infra Projects Private Limited to change its name. Mr. D, a director of UINA Infra Projects Private Limited contended that the above direction of the Regional Director was bad in law and therefore not proper on the following grounds :

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- A. That the name of the Company is not too identical with or too nearly resembles to the name of any other company; and
- B. That the stipulated time period of two years of making any complaint with respect to the name in the above ground was already over on 31<sup>st</sup> May, 2024.

Referring to the applicable provisions of the Companies Act, 2013, decide, whether the contention of Mr. D is tenable.

Also advise UINA Infra Projects Private Limited the time period within which the Company will be required to change its name in case the direction of the Regional Director was valid.

- (b) (i) Members of World One Limited, holding more than 2% of the total voting power wants the company to give a special notice to move a resolution for appointment of an auditor other than retiring auditor. Explain whether members can do so as per the provisions of the Companies Act, 2013. 3
- (ii) If a member of a listed company who has casted his vote through electronic voting, can attend general meeting of the company and change his vote subsequently ? 2
- (c) Explain the Latin term “Absoluta sententia expositore non indiget” and how would the same help in correctly interpreting a definition given in a legislation or statute ? 4

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4. (a) Based on the applicable provisions of the Companies Act, 2013, define the term “foreign company” and identify which among the following companies can be categorized as a foreign company : 5

Sl. No.	Place of Incorporation	Registered	Additional information
1	Singapore	Singapore	Developed patient’s database for a hospital in Mumbai, India, server in Singapore.
2	UAE	UAE	No place of business in India but employs agents in India
3	Cape Town	Cape Town	Board Meeting held in Leh, India.
4	Germany	Germany	49% of the shares held by an Indian company.

- (b) NS & Associates LLP was formed in the year 2020 and it was engaged in the business of manufacturing of plastic parts for automobiles. It constituted of Mr. Naveen and Mr. Suresh as designated partners who were responsible for obtaining contracts from various automobile manufacturers across the country for supply of spare parts for vehicles. 3 + 2 = 5

In the year 2021 an investigation was ordered by the Tribunal against the LLP in connection with a financial fraud worth ₹ 50,25,000. Mr. J one the Accounts Manager and employee of the LLP was accused by the complainant, as one of the perpetrators to the fraud.

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The Tribunal levied a penalty of ₹ 1,25,000 to be paid by Mr. J on his conviction. Mr. J approached the Tribunal and provided vital information about the other black sheep involved in the fraud thus aiding in the investigation process. The Tribunal is considering of providing some relief in the penal action taken against him, while the LLP is planning to suspend Mr. J from service for this act.

Considering the provisions of Limited Liability Partnership Act, 2008 :

- (i) Decide whether the Tribunal can waive off or reduce the penalty imposed by it on Mr. J ?
- (ii) Can the LLP suspend Mr. J from service for commission of the act, of revealing the name of the other accused involved in the fraud ?

- (c) What do you mean by the rule "*Ejusdem Generis*"? State any three situations when the Rule of "*Ejusdem Generis*" is not applied by the courts.

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- 5 (a) Quick Money Limited attracts the provisions of Section 135 of the Companies Act, 2013 and it has minimum average obligation to spend Corporate Social Responsibility (CSR) amount of ₹ 15 crores during each of the preceding five years. In this connection, the Board of Directors of the company needs your expert views on the following matters :

2 + 2  
+ 1 =  
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- (i) What is the meaning of "impact assessment" ?
- (ii) Whether impact assessment is required to be taken by all the companies ?
- (iii) Who can conduct impact assessment ?

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- (b) State the circumstances under which the winding up of an LLP may be ordered by the Tribunal. 5
- (c) Define the term 'person' as per the General Clauses Act, 1897. Discuss which of the following will be treated as a person : 4
- (i) An idol
  - (ii) A public body
  - (iii) A company

6. (a) Top Spinners Foundation is a company registered under section 8 of the Companies Act, 2013 with a view to promote young and talented people towards becoming of world class cricketers. The foundation selects young boys and girls from different part of the country via talent hunt competitions and other references from its members, thereby giving them proper training with residential facilities at the designated clubs opened for the purpose. The Foundation had been incorporated as a charitable institution in 2016. Currently it is having 1200 members. The Annual General meeting of the company is usually held at the club cum registered office of the company at Jaipur.  $\begin{matrix} 2 + 2 \\ + 1 = \\ 5 \end{matrix}$

The members in one of the general meetings have strongly suggested that the next Annual general meeting of the company be held at a hotel in near vicinity of the Registered office at Jaipur instead of the Club as the same has a congested sitting area.

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It was also decided by the foundation itself that a 15 days' notice prior to the Annual General Meeting be given with facility of only physical voting and no E-Voting to be provided to the members.

Referring to the relevant rules and provisions of the Companies Act, 2013 decide on the following :

- (i) Whether it is compelling upon the board to consider the directions regarding shift of the venue for the meeting ?
- (ii) Whether a 15 days' prior notice is valid and as per the law ?
- (iii) Whether the decision to provide the facility of only physical voting and not E-Voting valid ?

**OR**

- (a) Srinivas Iron and Steel Ltd. is a public sector listed company engaged in the manufacture of high-end steel sheets to be supplied to various other entities country-wide. M/S CVB & Associates, Chartered Accountants, had been appointed as the statutory auditors of the company for the term F.Y. 2023-24. Later in the year a financial fraud has come to the fore, not reported by the current auditors in their report, leading to dissatisfaction amongst a group of learned members of the company.
- $2 + 2$   
 $+ 1 =$   
**5**

The Next Annual General Meeting is scheduled on 28.09.2024. The members comprising of Mr. H, Mr. J, Mr. K holding paid up share capital ₹ 1,50,000; ₹ 1,00,000; ₹ 2,50,000 respectively have collectively decided to send a special notice to the company regarding passing of the resolution at the next Annual General Meeting for appointment of an auditor other than M/S CVB & Associates as the auditor for the next term.

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Referring to the provisions of Companies Act, 2013 elaborate :

- (i) Whether the above members can validly issue such Special Notice to the company ?
- (ii) What will be the last date for issue of such Special Notice by the members to the company ?
- (iii) Whether the company would have to communicate about the above Special Notice to other members after receiving the same ?

- (b) Manish, a shareholder of a company has not claimed his dividends from the company for the last 10 years due to different reasons. He wants to know whether he will be able to recover the dividends declared by the company for all these years. Explain to him, the relevant legal provisions. 5
- (c) Referring to the provisions of the Foreign Exchange Management Act, 1999, state the meaning of the term "current account transaction". 4

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