

**CA FINALS**  
**SUBJECT: CORPORATE & ALLIED LAW**  
**TIME: 3 HOURS** **MARKS: 100**  
**QUESTION ONE IS COMPULSORY**  
**ATTEND ANY FIVE OF THE FOLLOWING**

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Q.1.

1. Mr. Amrit, an employee of the ABC Limited is under an investigation under the provisions of Companies Act, 2013. The company wants to terminate the employee during the pendency of investigation against him. The Company have filed an application to tribunal for approval of termination. Company has not received any reply from the tribunal within 30 days of filling an application. The company consider it as a deemed approval and terminated Mr. Amrit.

**(5 Marks)**

- Is the contention of company being valid in law?
- What is remedy available to Mr. Amrit?
- What is remedy available to Mr. Amrit, if reply of Tribunal has been received within 30 days of application?

2. A meeting of members of DEF Limited was convened under the orders of the Court for the purpose of considering a scheme of compromise and arrangement. The meeting was attended by 300 members holding 9,00,000 shares. 120 members holding 7,00,000 shares in the aggregate voted for the scheme. 140 members holding 2,00,000 shares in aggregate voted against the scheme. 40 members holding 1,00,000 shares abstained from voting. Examine with reference to the relevant provisions of the Companies Act, 2013 whether the scheme was approved by the requisite majority?

**(5 Marks)**

3. A group of shareholders consisting of 25 members decide to file a petition before the Tribunal for relief against oppression and mismanagement by the Board of Directors of M/s Fly By Night Operators Ltd. The company has a total of 300 members and the group of 25 members holds one –tenth of the total paid –up share capital accounting for one-fifteenth of the issued share capital. The main grievance of the group is that due to mismanagement by the board of directors, the company is incurring losses and the company has not declared any dividends even when profits were available in the past years for declaration of dividend. In the light of the provisions of the Companies Act, 2013, advise the group of shareholders regarding the success of (i) getting the petition admitted and (ii) obtaining relief from the Tribunal.

**(5 Marks)**

4. Winding up proceedings has been commenced by the tribunal against DEF Limited, a government company (Central Government is a member). Even after completion of one year from the date of commencement of winding up proceedings, it is not possible to conclude the same. The liquidator is of the opinion that the statement shall be filled with tribunal and registrar only.

**(5 Marks)**

- (i) Validate the opinion made by the liquidator and penalty that can be imposed on the liquidator for contravention of the provision as per Companies Act, 2013.
- (ii) What will be your answer if the DEF Limited is a non-government company?

**Q.2.**

1. Honest Limited by a special resolution passed a motion of removal of name of the company from Register of Companies due to failure of its commencement of its business from one year of its incorporation. The company filed an application to the registrar for removing the name of company from Register of Companies. One of the member of the company filed a complaint to the Registrar that company had filed a fraudulent application for removal of its name to deceive the creditors and to defraud the other persons.

**(4 Marks)**

Discuss in the light of the above situations the consequences of filing of fraudulent application for removal of name of the company as per the Companies Act, 2013.

2.

- (i) Tempest Ltd., an unlisted company, has 500 shareholders, 400 debenture holders and 200 deposit holders. As a Company Secretary of the Company Advise the Board, if the Company is required to form a Stakeholders' Relationship Committee? Discuss the provisions relating to the functioning of such a committee.

**(2 Marks)**

- (ii) Priya is a Whole-Time Director in Surya Limited and Sun Limited, wishing to draw Remuneration from both the Companies. As per the limits prescribed under the Companies Act, 2013, she is entitled to draw a remuneration of ` 10,00,000 from Surya Ltd. And ` 15,00,000 from Sun Limited, you being a Company Secretary advise Ms. Priya about her entitlement for the Remuneration in the aforesaid situation.

**(2 Marks)**

- (iii) Prism Ltd. appointed Mr. Sameer Rajpal as an Independent Director for a term of Three years, upon completion of his first term, he was re-appointed for another term for the same period, now upon completion of the second term, Company again wants to re-appoint him as the Independent Director of the Company, considering the fact that he has not completed the consecutive term of Ten years. Advise the Company on the feasibility of his re-appointment.

**(2 Marks)**

3.

- (i) List the matters that cannot be dealt with in a meeting through video conferencing or other Audio Visual means.

**(2 Marks)**

- (ii) Favourite Ltd., an unlisted Company, has the following figures at the end of the last financial year :

Paid-up share capital : ` 110.00 Crore

Turnover : ` 600.00 Crore

Borrowings by way of loans, debentures and deposits: ` 60.00 Crore

Being a Company Secretary, advise the Company on the composition of its Board of Directors as required under the Companies Act, 2013. (2 Marks)

- (iii) List the conditions to be satisfied for declaration of dividend out of reserves. (2 Marks)

**Q.3.**

1. Advise whether the auditor appointment by a private limited company with paid-up share capital of ₹ 30.00 Crore in the following cases are valid for the financial year 2017-18 : (4 Marks)
  - (i) Amarjeet, (an Individual Auditor) who has been the auditor since financial year 2011-12.
  - (ii) Firm VAP & Co., who completes 10 years continuously, at the end of financial year 2016-17. Vijay is a partner in VAP & Co.
  - (iii) Firm Ajay & Co., in which Vijay is also a partner in addition to being a partner of VAP & Co.
2. State the procedure for voluntary revision of financial statements or the board's report by a Company. (4 Marks)
3. State the law with respect to the Establishment of Special Court. Mr. A is judicial magistrate in a lower court. He was appointed to hold the office of the special court for the speedy disposal of the pending cases under the Act. Decide as per the applicable provisions of the Companies Act, 2013, whether the appointment of Mr. A is tenable. (6 Marks)

**Q.4.**

1. Mr. Z was appointed as the presiding officer of the Securities Appellate Tribunal (SAT) for a term of five years. Considering his good performances during the tenure of his service, it was proposed by the competent authority to re-appoint him for another term. During reappointment he has completed good 69 years of age. Examine in the light of the SEBI Act, 1992, the eligibility of his appointment/ reappointment as a presiding officer in the Securities Appellate Tribunal. (5 Marks)
2. M/s Samrat is a company engaged in providing services of supplying goods all over the world through aircrafts. The aircrafts of the said company is registered and insured in India with the reputed insurance company. Company found that the insurance policy of one of aircraft which is in Europe had expired. Company said to his officer to get new Insurance policy of that aircraft in Europe. State the validity of such an act of registration of aircraft in Europe. (4 Marks)
3. Explain the effect of usage developed by contemporary opinion through practice under any statute with an example. (3 Marks)

4. X, a member of the Competition Commission of India was removed by the Central Government on the grounds that he had acquired financial interest likely to affect prejudicially his functions as a member. X challenged his removal by the Central Government claiming that the Central Government had no authority to pass order for removal. Clarify whether X's contention is right as per the provisions under the Competition Act, 2002.

**(4 Marks)**

**Q.5.**

- 1.
- (a) Mr. Suri resided in India during the Financial Year 2014-15. He left India on 15th July, 2015 for Switzerland for pursuing higher studies for 2 years. Determine his residential status under the Foreign Exchange Management Act, 1999 during the Financial Years 2015-16 and 2016-17? **(3 Marks)**
- (b) Mr. Suri requires every year USD 25,000 towards tuition fees and USD 30,000 for incidental and stay expenses for studying abroad. Is it possible for Mr. Suri to get the required Foreign Exchange and, if so, under what conditions? **(3 Marks)**
- 2.
- (a) Mr. Gobi is a director in a Bank of India. On the allegation that his act is detrimental to the interest of the depositors, the Reserve Bank of India takes a call against him and terminates him. **(3 Marks)**
- Decide, whether the Reserve Bank of India can do so under the Banking Regulation Act, 1949.
- (b) Can the Reserve Bank of India appoint additional Director in a Bank under the said Act? **(3 Marks)**
3. How a trial under the Prevention of Money Laundering Act, 2002 is conducted in Special Courts? **(4 Marks)**

**Q.6.**

1. Mr. Atul Rastogi, the Managing Director of ABC Limited has resigned from the Managing Directorship of the company. He, however, wants to continue as a director in the company. Referring to the provisions of the Companies Act, 2013, state whether Mr. Atul can continue as a director in the company. **(4 Marks)**
2. Board of Directors of Anil Limited has decided not to preserve the books of accounts and other related records of accounts, for more than five years immediately preceding the relevant financial year of 2016-17 due to shortage of space in the office premises. Referring to the provisions of the Companies Act, 2013, examine the validity of the Board's decision. **(4 Marks)**
3. RR Limited has decided to make investment in other companies for Rs. 50 lakhs, which is in excess of 60% of the company's paid-up share capital, free reserves and securities premium account. Company has 5 directors. Four directors were present in the Board meeting, three

directors have given their consent but one director abstained from voting. The decision of the Board was noted in the minutes of Board meeting and decided to make such investment by passing of Board resolution with majority. Referring to the provisions of Companies Act, 2013, examine the validity of the Board's decision. **(4 Marks)**

4. Mr. X is a director in Greenfield Industries Limited. He is a man of wide knowledge of commercial matters. The company has not filed financial statements with the Registrar of Companies for the years ended 31st March, 2014, 31st March, 2015 and 31st March, 2016. However, it has filed the annual returns for those years in compliance of the provisions of the Companies Act, 2013. **(4 Marks)**

**Q.7.**

1. KPS India Producer Company Limited having an average annual turnover exceeding six crore in each of the three consecutive financial year. The company has to appoint a Company Secretary. Advise the company by referring to the provisions of the Companies Act, 1956 as applicable to producer company relating to such appointment. **(4 Marks)**
2. From the following information in respect of two companies viz. ZYX Limited and CBA Private Limited, compute the amount the companies are required to spend on account of Corporate Social Responsibility (CSR) : **(4 Marks)**

<b>Financial Year</b>	<b>ZYX Ltd.</b>	<b>CBA Private Ltd.</b>
	<b>Net Profit/(Loss) Rs. (In crore)</b>	<b>Net Profit/(Loss) Rs. (In crore)</b>
2014-15	Not incorporated	(4)
2015-16	6	(1)
2016-17	18	6

3. Mr. Sunil Goyal, a director of XYZ Limited wants to go on foreign trip. He wants to assign his office to the Vice President of the company. Mr. Sunil Goyal seeks your advise whether he can do so. Referring to the provisions of the Companies Act, 2013 advise him in the matter. **(4 Marks)**
4. Mrs. Beautiful, aged 40 years, is the Managing Director of Beauty Care Products Limited. She has received contribution to superannuation fund and leave encashment during her tenure with the company during the financial year ending 31st March, 2017. The Manager (Accounts) of the company is not very confident, if these prerequisites are to be included in the computation of ceiling on remuneration specified in the Companies Act, 2013. Referring to the provisions of the Act, advise the Manager (Accounts). **(4 Marks)**