

Paper 4: Corporate and Economic Laws (New Course)

1. A Ltd, appointed Mr. A & Mr. B as directors of the Company, by passing of single resolution for election of these two. Later on it came in the notice of the Company that there might be some confusion regarding the compliance of the applicable provisions. State the correct statement in the light of the Companies Act, 2013 as to the an appointment and to the validity of acts of said appointed directors ?

- (a) Void Appointment & acts of the directors are void ab-inito.
- (b) Void Appointment & acts of the directors are valid until defect in the appointment is shown to the Company.
- (c) Valid Appointment & so acts are also valid.
- (d) Appointment is valid subject to ratification by shareholder in general meeting.

2. Mr. B, director of XRL Company from 2006. He got his DIN allotted to him on May 6, 2017. By what date he should have intimated his DIN to XRL Company?

- (a) Before May 20, 2017
- (b) Before June 6, 2017
- (c) Before July 6, 2017
- (d) Before August 6, 2017

3. Mr. Raman, is appointed as valuer in April, 2018 in ABC Ltd. He undertook the valuation of the assets of the company in 2018. In case Mr. Raman becomes interested in any property, stock etc of the company, he may be not be eligible to undertake valuation in such property of the company for:

- (a) 2019
- (b) 2020
- (c) 2021
- (d) He will never be appointed as Registered Valuer of ABC Ltd. .

4. PQR company give its assent to give guarantee to ABZ company on the taking of loan from financial institution. According to the Companies Act, 2013, the said act should be approved by the Board of Directors. State the mode of approval adopted by the board of directors of PQR company-

- (a) Board shall give approval for giving guarantee on the loan by simple majority
- (b) Board shall give approval by passing circular resolution.
- (c) Board shall give approval by passing resolution through special majority
- (d) Board shall give unanimous approval.

5. Mr. X, a director of the company, intimated of his participation in the meeting scheduled on August, 2018. He declared his participation through electronic mode, in June 2017. State whether Mr X is entitled to participate in the meeting to be conducted in August 2018 –

- (a) Yes, intimate about such participation was made at the beginning of the calendar year
- (b) No, because intimation was made in previous calendar year
- (c) Yes, because company was intimated of its participation in the meeting.
- (d) No, because valid period of declaration (i.e., 1 year) of his participation expired.

6. In compliance to the Companies Act, 2013, at least one woman director shall be on Board of such class or classes of companies as may be prescribed. Ms. Riya is keen to hold the office of woman director in a company. She has selected some companies in which there is a vacancy for the woman director. Advise Ms. Riya in selecting the companies which are mandatorily required to appoint a woman director:

- (a) PQR Limited which is a unlisted company and having paid up share capital of one 50 crore rupees as per the last date of latest audited financial statements.
- (b) ABC Limited which is a listed company and having a turnover of 150 crore rupees as per the last date of latest audited financial statements.
- (c) XYZ Limited which is a unlisted company and having a turnover of 350 crore rupees as per the last date of latest audited financial statements.
- (d) Both in ABC Limited and XYZ Limited

7. A director of XYZ, a Pvt. Ltd. takes a loan from its company. Due to some reasons, he fails to repay the debt within the given time period. He request board of directors to give him time for repayment of debt. State which of the below statements is correct with respect to the exercise of the power in the given situation as per the Companies Act, 2013-

- (a) Power to fix the time limit for repayment of any debt due from director can be exercised only by members by special resolution at a general meeting.
- (b) Power to fix the time limit for repayment of any debt due from director can be exercised by Board of the company itself.
- (c) Power to fix the time limit for repayment of any debt due from director can be exercised with the prior permission of the company in general meeting while taking debt.
- (d) Board shall not exercise this power if the provision related to repayment of debt is contained in the articles of the company.

8. When can an application be made to Tribunal for constitution of a winding up committee to assist and monitor the progress of liquidation proceedings by the Company Liquidator in carrying out the function?

- (a) Within two weeks from the date of passing of winding up order
- (b) Within three weeks from the date of passing of winding up order
- (c) Within four weeks from the date of passing of winding up order
- (d) None of the above.

9. RAB Bank Limited, a banking company, has defaulted in the payment of dues to their catering contractor. Can the contractor, as an operational creditor initiate insolvency process against the bank-

- (a) Yes, operational creditors are entitled
- (b) No, financial service providers are excluded
- (c) Yes, banking companies are covered under this code
- (d) No, catering is an excluded service under the Code

10. The time line of 180 days for the Corporate Insolvency Resolution process commences from the

- (a) Date of Debt
- (b) Date of preferring the application
- (c) Date of admission of application by NCLT
- (d) 90 days after the debt is due

11. ABC and Co, the tax consultants of X Limited for which an interim resolution professional – Mr A ,has been appointed under the Corporate Insolvency resolution process has refused to furnish information to Mr A on the grounds of client confidentiality. Are they right

- (a) Yes, they are right
- (b) No, the Code provides powers to the IRP to access all information from various parties
- (c) Partly right, they can do so only after consent of the directors
- (d) Mr A is not right in even asking for this information

12. As per the FCRA, the restrictions on 'foreign contribution' are applicable if the foreign contribution is from 'foreign source'. Who among the following are excluded from the purview of foreign source in the Act-

- (a) United nations
- (b) World Bank
- (c) International monetary Fund
- (d) All of the above

13. Surya Ltd., incorporated and registered in New Delhi with a foreign shareholding more than 50% due to liberalisation in Foreign Direct Investment (FDI) policy.

State the correct statement as to the status of the Surya Ltd.

- (a) Surya limited shall not considered as foreign source because of its registration in India.
- (b) Surya Ltd would be 'foreign source' have foreign shareholding more than 50% of foreign company.
- (c) Surya Ltd would be 'foreign source' have foreign contribution through various international agencies. .
- (d) Both (b) & (c)

14. According to the Companies Act, 2013, the draft minutes of a Board meeting held through audio visual means shall be circulated among all the directors within Of the meeting:

- (a) 10 days
- (b) 15 days
- (c) 30 days
- (d) One month

15. Minimum threshold prescribed for applicability of SARFAESI Act on NBFCs is –

- (a) 1 crore
- (b) 10 crore

- (c) 100 crore
- (d) 500 crore

16. Drug trafficking is a punishable offence in India. Suppose, Mr. X & Mr. Y, are involved in drug trafficking including imported drugs trafficking. Under which Act, Mr. X & Mr. Y can be prosecuted?

- (a) Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985
- (b) Prevention of Money Laundering Act, 2002
- (c) Foreign Exchange Management Act, 1999
- (d) Offences under the Unlawful Activities (Prevention) Act, 1967

17. An association was holding the certificate of registration making it eligible for acceptance of foreign contribution established for the betterment of poor children. Central Government later cancelled the certificate of the association for violation of the terms and conditions of certificate for being not engaged in chosen activity for the poor children. Such association again applied for the registration. State the weather, association is eligible for registration-

- (a) Yes, it can apply freshly at any time
- (b) No, permanently becomes disqualified
- (c) yes, after 3 years from the date of cancellation of certificate
- (d) after reasonable opportunity of being heard, and on warning, same registration will be restored.

18. Mr. Komal and Mr. Rajesh, entered into arbitration agreement for the disputes that arise, if any in their business transactions. Due to certain fault on the part of Mr. Rajesh, the dispute came before the arbitration for settlement. In the mean time, Mr. Komal dies. Mr. Rajesh shed of their liabilities on the plea that arbitration agreement has come to end with the death of the other party. Decide the affirmative statement in the given situation-

- (a) Arbitration agreement get terminated due to death of the party.
- (b) It shall be remain enforceable by or against the legal representatives of the deceased.
- (c) Since it is a private law between the parties, it will be terminated with the death of the party.
- (d) Both (a) & (c)

19. The Committee of Creditors shall comprise -

- (a) All financial creditors of the corporate debtor only
- (b) All financial creditors excluding related parties
- (c) All financial and operational creditors
- (d) All financial creditors, 18 operational creditors, 1 workmen representative , 1 employee representative

20. Ruby Ltd. filed an application to the NCLT stating that corporate insolvency resolution process against him, cannot be completed within the 90 days under the fast track insolvency resolution process. Considering application and on being satisfied , NCLT ordered to extend the period of such process by 30 days. Later, again Ruby Ltd. initiated an application for further extension of time period of insolvency process by 15 days. Decide in the given situation, whether NCLT, can extend timelines by further 15 days.
- (a) Yes, because extension of duration in toto, is not exceeding 45 days.
 - (b) Yes , depends of the facts , if it is justified , NCLT may extend the timelines.
 - (c) No, extension of the fast track insolvency resolution process shall not granted more than once.
 - (d) (a) & (b)