

1	<p>Tempest Ltd., an unlisted company, has 500 shareholders, 400 debenture holders and 200 deposit holders. Decide, whether the Company is required to form a Stakeholders' Relationship Committee?</p> <p>a) No, since as per Sec 178, The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders or any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee, whereas in given case no securityholder are in numbers exceeding 1000</p> <p>b) yes, since as per Sec 178, The Board of Directors of a company which consists of atleast 500 shareholders shall constitute this committee</p> <p>c) Yes, since as per Sec 178, The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee</p> <p>d) None of above as given criteria is not a valid criteria as defined under Rule-4 of Companies (Appointment &amp; Qualifications of Directors) Rules, 2014</p>
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2	<p>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. Advise Ms. Priya about her entitlement for the Remuneration in the aforesaid situation.</p> <p>a) A person can not hold post of Whole-time director in 2 companies at a time. Thus, question of entitlement shall not arise at all</p> <p>b) Priya being WTD of Surya Ltd. and Sun Ltd. assuming that Sun Ltd. is a subsidiary of Surya Ltd. as WTD can act as WTD in the company in which he is appointed as well as its subsidiary company; draws remuneration of ₹ 10 Lac from Surya Ltd. &amp; ₹ 15 Lac from Sun Ltd. Is entitled to receive only the highest of the remuneration prescribed which shall be either a lump sum from Surya Ltd. or Sun Ltd. or in the manner as stated in question.</p> <p>c) Total Remuneration payable to Priya shall not exceed 5% of net profit as payable under Sec 197</p> <p>d) Overall remuneration to Priya shall not exceed 10% of net profit as she is holding position of WTD in 2 companies at a time</p>
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3	<p>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</p> <p>a) Mr. Sameer Rajpal an independent director, of Prism Ltd. cannot be reappointed because an independent director can be appointed only for two consecutive terms whether or not he has completed the consecutive term of ten years.</p> <p>b) There shall be no restriction on appointment of Mr Sameer as according to Sec 149(10), he is entitled to serve a term upto 10 years as Independent Director</p> <p>c) Proviso to Sec 149(10) as inserted by Companies Amendment Act 2017 provides that Mr</p>



	<p>Sameer can serve a term of rest 4 years subject to prior approval of tribunal in this regard</p> <p>d) Proviso to Sec 149(10) as inserted by Companies Amendment Act 2017 provides that Mr Sameer can serve a term of rest 4 years subject to prior approval of Central Government in this regard</p>
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4	<p>Decide if the office of Mr. Satish i.e. Director of Royal Ltd. shall be vacated if he did not attend any board meeting of the Company during the financial year 2016-17, but had promptly sent his leave of absence to Company by e-mail on 31st March, 2017, the last Board Meeting of Financial Year, which was acknowledged by the Company.</p> <p>a) No, According to Section 167(1) (b) the office of the director shall become vacant only if he absents himself from all the meetings of the Board of Directors held during the periods 12 months without seeking leave of absence of the Board. Therefore, Mr. Satish Nirankar need not vacate his office as he has send his leave of absence to the company.</p> <p>b) Yes, According to Section 167(1) (b) the office of the director shall become vacant if he absents himself from all the meetings of the Board of Directors held during the periods 12 months with or without seeking leave of absence of the Board. Therefore, Mr. Satish Nirankar shall vacate his office inspite he sent his leave of absence to the company.</p> <p>c) Yes, According to Section 167(1) (b) the office of the director shall become vacant if he absents himself from all the meetings of the Board of Directors held during the periods 6 months with or without seeking leave of absence of the Board. Therefore, Mr. Satish Nirankar shall vacate his office inspite he sent his leave of absence to the company.</p> <p>d) Yes, According to Section 167(1) (b) the office of the director shall become vacant as he should have informed Board of Directors and seek leave of absence atleast 3 months prior to completion of financial year</p>
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5	<p>Decide if the office of Mr. Nirankar i.e. Director of Z Ltd. shall be vacated if he is convicted by a court of an offence, not involving any moral turpitude and is sentenced for imprisonment for one year but immediately files an appeal to NCLAT against the order of the lower Court</p> <p>a) According to Section 167 (1)(f) the office of director shall become vacant, if he is convicted by a court of an offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months. Therefore, Mr. Nirankar shall vacate this office</p> <p>b) According to proviso to Section 167 (1)(f) the office of director shall not become vacant, if he is convicted by a court of an offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months, if appeal has been preferred to higher court</p> <p>c) According to proviso to Section 167 (1)(f) the office of director shall not become vacant, if he is convicted by a court of an offence not involving moral turpitude</p> <p>d) According to Section 167 (1)(f) the office of director shall become vacant, if he is convicted by a court of an offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than 1 year. Therefore, Mr. Nirankar shall vacate this office</p>
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6	<p>A Ltd. has entered into a contract with B Ltd. by which the former will reserve 25% of their</p>



	<p>output to be sold to B. Ltd. or to a buyer at the direction of B Ltd. Can B Ltd. be called an associate company of A Ltd.?</p> <p>a) According to Section 2(6), associate company in relation to another company means a company in which that other company has a significant influence (means control of atleast 20% of total share capital of business decisions under an agreement), but which is not a subsidiary company of the company having such influence and includes a joint venture company. Thus, B Ltd. be called an associate of A Ltd. as A Ltd. reserve 25% of their output to be sold to B Ltd.</p> <p>b) B Ltd. Cannot be called an associate of A Ltd, since for becoming an Associate company, holding of 25% of paid up capital shall be required</p> <p>c) According to Section 2(6), associate company in relation to another company means a company in which that other company has a significant influence (means control of atleast 50% of total share capital of other company</p> <p>d) Transaction in nature of sale of goods etc can not be a base for deciding Associate relationship</p>
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7	<p>if S Private Ltd. with a paid-up share capital of ` 45 lakh and annual turnover of ` 175 lakh, is a wholly owned subsidiary of H Ltd., a listed company. Can S Ltd. be called a small company?</p> <p>a) Yes, since company satisfy the requirement of Sec 2(85) regarding paid up capital and turnover</p> <p>b) No, since company is a wholly owned subsidiary company of a listed company</p> <p>c) No, since as per proviso to sec 2(85), nothing in Sec 2(85) shall apply in relation to Holding company or subsidiary company</p> <p>d) No, since company failed to satisfy the requirement as stipulated in Sec 2(85)</p>
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8	<p>Great Ltd. received an application money of ` 5 lakh on 1st January, 2017 towards allotment of equity shares, pursuant to an offer made earlier. The Company has neither made the allotment of shares nor refunded the application money so far. Decide whether the above transactions will fall within the ambit of "deposits" as defined under the Companies Act, 2013</p> <p>a) Yes, since as per Section 73, a company if accepted application money towards allotment of equity shares, fails to allot the shares within 60 days of receipt of share application money, has to refund the same within 15 days from the date of completion of 60 days, otherwise it will be considered as deposit</p> <p>b) No, since application money need to be returned within 70 days from its receipt else interest shall be charged @ 18% p.a.</p> <p>c) No, since application money if could not be returned within 60 days, can be a valid ground for liquidation</p> <p>d) Yes, as definition of deposits also include any amount received as share application</p>
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9	<p>Favourite Ltd., an unlisted Company, has the following figures at the end of the last financial year :</p> <p>Paid-up share capital : ` 110.00 Crore</p> <p>Turnover : ` 600.00 Crore</p>



w.D. = Rule = 3

P.V.C. = 1000  
T.V.C. = 1000  
75000

	<p>Borrowings by way of loans, debentures and deposits : ₹ 60.00 Crore</p> <p>Advise the Company on the composition of its Board of Directors as required under the Companies Act, 2013.</p> <ol style="list-style-type: none"> <li>Since company satisfy the requirement of Rule-4 of companies (Appointment and qualification of Directors) Rules 2014, thus it need to have atleast 2 Independent Directors</li> <li>Since company satisfy the requirement of Rule-3 of companies (Appointment and qualification of Directors) Rules 2014, thus it need to have atleast 1 woman Directors</li> <li>Since company satisfy the requirement of Rule-3 and Rule-4 of companies (Appointment and qualification of Directors) Rules 2014, thus it need to have atleast 2 Independent Directors along with 1 woman director</li> <li>Since company satisfy the requirement of Rule-7 of companies (Appointment and qualification of Directors) Rules 2014, thus it need to have atleast 1 small shareholder director as well</li> </ol>
10	<p>c</p> <p>Dynamic Ltd. (Turnover ₹ 25 Crore) proposes to enter into a contract with Sunil for the procurement of raw materials for an amount of ₹ 5 Crore during the financial year. Sunil is the step brother (father's second wife's son) of Anil, who is a director of Dynamic Ltd. Discuss the compliance requirements in respect of the above procurement contract.</p> <ol style="list-style-type: none"> <li>Above relationship shall fall in definition of Related Party and thus covered u/s 2(76), thus Board Resolution shall be passed for above transaction</li> <li>Above relationship is outside the definition of Related Party and thus question of related party transaction shall not arise</li> <li>Above relationship falls in definition of Related Party and thus covered u/s 2(76) and also covered under 1<sup>st</sup> proviso to Sec 188(1) thus Ordinary Resolution shall be passed for above transaction</li> <li>Above relationship shall fall in definition of Related Party and thus covered u/s 2(76) and also covered under 1<sup>st</sup> proviso to Sec 188(1) thus Special Resolution shall be passed for above transaction</li> </ol>
11	<p>c</p> <p>Star Ltd. was incorporated on 1st January, 2016. Further, Star Ltd. has floated its subsidiary company incorporated in Germany for which the financial year ends with June every year. In light to the above, please determine the first financial year of Star Ltd. for which financial statement will be reported.</p> <ol style="list-style-type: none"> <li>The first financial year of Star Ltd. for which financial year will be reported shall end on 31st March, 2017. Even though Star Ltd. has an option to align its financial year with that of its German subsidiary in respect to the consolidation of its accounts outside India only after the permission granted from the Tribunal</li> <li>The first financial year of Star Ltd. for which financial year will be reported shall end on 31st March, 2017.</li> <li>The first financial year of Star Ltd. for which financial year will be reported shall end on 31st March, 2017. Even though Star Ltd. has an option to align its financial year with that of its German subsidiary in respect to the consolidation of its accounts outside India only after the permission granted from the Central Government</li> <li>The first financial year of Star Ltd. for which financial year will be reported shall end on</li> </ol>



	31st March, 2016
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12	<p>Referring to the provisions of the Foreign Exchange Management Act, 1999, in respect of a person not being an individual resident in India, state the period within which the individual should sell the realized foreign exchange to an authorized person under clause (a) of sub-section (1) of regulation 4 in respect of remuneration for services rendered in India</p> <p>a) A person not being an individual resident in India shall surrender the realised foreign exchange due or accrued as remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation, or an income on assets held outside India, or as inheritance, settlement or gift, within seven days from the date of its receipt</p> <p>b) A person not being an individual resident in India shall surrender the realised foreign exchange due or accrued as remuneration for services rendered within India within seventy days from the date of its receipt</p> <p>c) A person not being an individual resident in India shall surrender the realised foreign exchange due or accrued as remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation, or an income on assets held outside India, or as inheritance, settlement or gift, within sixty days from the date of its receipt</p> <p>d) A person not being an individual resident in India shall surrender the realised foreign exchange due or accrued as remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation, or an income on assets held outside India, or as inheritance, settlement or gift, within ten days from the date of its receipt</p>
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13	<p>The Articles of Association of Amriz Limited provides for a maximum of 15 directors. But the company has only 10 directors and for two of them representing Foreign Collaborators, alternate directors have been appointed. Board meeting held on 1st August, 2018 was attended by four directors including two alternate directors. Examine with reference to the relevant provisions of the Companies Act, 2013 whether quorum was present at the Board Meeting held on 1st August, 2018.</p> <p>a) No, since alternate director can not form part of quorum</p> <p>b) Since quorum required is 2 members, thus in given case quorum is present</p> <p>c) As per Sec 174(1), quorum required is 4 directors, even a alternate director shall form part of quorum, thus in given case, quorum is present</p> <p>d) Quorum is not present, since quorum required shall be 5 being <math>\frac{1}{3}^{\text{rd}}</math> of 15</p>
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14	<p>Best Bank, a financial creditor sent a demand notice for a claim of ` 10.2 crores on XYZ Limited, a corporate debtor on 6th February, 2018. When the petition was filed before NCLT under Insolvency and Bankruptcy Code, 2016, Best Bank claimed that the XYZ Limited has defaulted ` 29.8 crores instead of original amount of ` 10.2 crores. NCLT appointed an interim insolvency resolution professional. XYZ Limited made an appeal with NCLAT demanding that the Best Bank's claim is not maintainable as there is a difference in the amount mentioned in the demand notice and the application filed under the Code. Decide whether the contention of XYZ Limited is correct. Also, state who can file Corporate Insolvency Resolution process under the Code.</p> <p>a) NCLT (Adjudicating Authority) shall, ascertain the existence of a default from the records of an information utility or on the basis of other evidence furnished by the financial creditor. Thus claim of ` 29.8 crores is maintainable</p>



	<p>b) Financial creditors can not claim in excess of amount prescribed under demand notice</p> <p>c) Tribunal shall first determine the exact amount due and then proceeding under IBC shall be initiated</p> <p>d) Committee of creditors to determine the exact amount due in case of any dispute</p>
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15	<p>Any objection to the compromise or arrangement shall be made only by persons holding</p> <p>(a) not less than <u>ten per cent.</u> of the shareholding or having outstanding debt amounting to not less than ten per cent. of the total outstanding debt</p> <p>(b) not less than <u>ten per cent.</u> of the shareholding or having <u>outstanding debt amounting to not less than five per cent. of the total outstanding debt</u></p> <p>(c) not less than five per cent. of the shareholding or having outstanding debt amounting to not less than five per cent. of the total outstanding debt</p> <p>(d) not less than 20% of the shareholding or having outstanding debt amounting to not less than five per cent. of the total outstanding debt</p>
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16	<p>Where CG is of the opinion that <u>scheme proposed under Sec 233 is not in interest of public it may</u></p> <p>(a) Reject the scheme</p> <p>(b) Direct the concerned companies to resubmit the same after removing objection</p> <p>(c) <u>Submit an application for perusal of scheme as per sec 232</u></p> <p>(d) All options are available</p>
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17	<p>Which out of the following is not a <u>pre-condition</u> before <u>issue of shares</u> under Preferential allotment</p> <p>(a) S/Res shall be passed</p> <p>(b) all the equity shares, if any, held by the proposed allottees in the issuer are in dematerialized form</p> <p>(c) Allotment pursuant to the special resolution shall be completed within a period of 30 days from the date of passing of such resolution: <span style="float: right;">15</span></p> <p>(d) The issuer shall not make preferential issue of specified securities to any person who has sold any equity shares of the issuer <u>during the six months</u> preceding the relevant date</p>
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18	<p>As per Sec 380, which out of the following document need not be registered to ROC by foreign company</p> <p>(a) a certified copy of the charter, statutes or memorandum and articles, of the company or other instrument constituting or defining the constitution of the company</p> <p>(b) particulars of opening and closing of a place of business in India on earlier occasion or occasions</p>

	<p>(c) the name and address or the names and addresses of one or more persons resident in India authorised to accept on behalf of the company service of process and any notices or other documents required to be served on the company</p> <p>(d) List of all listed company where he is engaged as Director</p>
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19	<p>Companies (Registration of Foreign Companies) Rules, 2014 through its rule 4 provides that every foreign company shall delivered to the Registrar ..... to which the documents relate</p> <p>(a) within a period of 30 days of the close of the financial year</p> <p>(b) within a period of 9 months of the close of the financial year</p> <p>(c) within a period of 3 months of the close of the financial year</p> <p>(d) within a period of 6 months of the close of the financial year</p>
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20	<p>According to section 5(2), the officer making <u>provisional attachment order</u> shall forward a copy of the order, along with the material in his possession to the</p> <p>(a) Appellate Tribunal</p> <p>(b) Approving Authority</p> <p>(c) <u>Adjudication Authority</u></p> <p>(d) None of above</p>
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