

## FINAL EXAMINATION

December 2025

P-13(CEL)  
Syllabus 2022

## CORPORATE AND ECONOMIC LAWS

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks. Whenever necessary, suitable assumptions may be made and clearly indicated in answer by the candidate. Answer Question No. 1 which is compulsory carrying 30 marks and answer any five questions from Question No. 2 to Question No. 8 each of 14 marks.*

### Section-A

#### (Compulsory)

##### 1. Choose the most appropriate option for the following MCQs:

2×15=30

*[(i) to (iv) are based on Case scenario. Rest are independent MCQs]*

#### *Case Scenario:*

Highway Ltd. is a transport company providing transport to Government departments of Bihar, West Bengal and Odisha. Each of the three state governments hold 15% shares in the company. The company appointed Mr. Parimal, CA, by ordinary resolution as statutory auditor for FY 2024-25, after observing due formalities. The remuneration was fixed at ₹2,00,000. But some members opposed it, stating that approval of CAG was required and the resolution be special resolution. Mr. Parimal had tenure till 31st March, 2025, but due to some personal problems resigned on 15th January, 2025. The BOD appointed another auditor on 25th January, 2025.

In this context answer the following questions.

(i) The auditor has not informed the ROC and not filed form ADT-3. What are the consequences?

- (A) Liable for ₹50,000 penalty and ₹500 per day for continuing default subject to the maximum ₹2 lakh.
- (B) ₹2 lakh penalty and ₹1000 per day for continuing default.
- (C) Minimum penalty of ₹50,000 and ₹5,00,000 maximum penalty.
- (D) Penalty of ₹50,000 only.

(ii) The new auditor owes to the company ₹2,00,000. Is he eligible to be appointed as auditor?

- (A) The threshold limit of indebtedness is ₹5,00,000. So, he can continue.
- (B) The limit of indebtedness is ₹2,00,000, so he can continue.
- (C) No, he is not eligible as he exceeded the limit of ₹1,00,000.
- (D) The limit of indebtedness is ₹1,00,000 for security held by relatives but for auditor there is no limit of debt. So he can continue.

(iii) After appointment at GM, the auditor was found to be involved in fraud amounting to ₹1.50 Cr. and the GST authorities charged him. Can he continue as an auditor?

- (A) He can't continue as auditor.
- (B) He can continue as auditor unless convicted by court.
- (C) He can continue as auditor unless debarred by NFRA.
- (D) He can continue for next five years even if convicted by court.

(iv) Mr. Parimal has not completed audit and not signed the Balance Sheet. What will happen to his remuneration?

- (A) He is not entitled to any remuneration as he has not signed the Balance Sheet.
- (B) He can claim only expenses not audit fees.
- (C) Remuneration may be decided by Shareholders as per terms of appointment.
- (D) He can claim reasonable fees(not audit fees) for work done and expenses incurred subject to terms and conditions of appointment.

(v) The following members of a company shall have the right to apply under Section 241 of the companies Act 2013, for oppression namely:

1. in the case of a company having a share capital, not less than one hundred members of the company;
2. not less than one-tenth of the total number of its members, whichever is less, or any member or members holding not less than one tenth of the issued share capital of the company;
3. in the case of a company not having a share capital, not less than one-fifth of the total number of its members.
4. Any of the above

- (A) 1 and 2 only
- (B) 1 and 3 only
- (C) 2 and 4 only
- (D) only 4

(vi) Ambition Inc. is a Company registered in USA and doing business in USA. As per the Companies Act, 2013

- (A) it is a Foreign Company.
- (B) it is not a Foreign Company.
- (C) it will be a foreign company once it starts business in India.
- (D) Both (B) and (C) are correct.

(vii) Under the Insolvency and Bankruptcy Code, 2016, where extension of time is requested, the Corporate Resolution process shall be completed within a period of \_\_\_\_\_ from the date of admission of the application to initiate such process.

- 270 days
- 240 days
- 180 days
- 120 days

(viii) Corporate Governance ratings are done by

- Commercial Banks
- Reserve Bank of India
- Credit Rating Agencies
- All of the above

- 1 and 2
- 1 and 4
- 1 only
- 3 only

(ix) Which, out of the following would not amount to Sustainable Development activity?

- Rain water harvesting
- Solar energy
- Paddy cultivation
- Plantation of sapling for forestation

(x) Mr. Jyotiranjan, trading in refrigerator, purchased some refrigerators but has not paid the amount. They were not for his personal use. As per the Competition Act, 2002, whether he is a consumer or not and why?

- As per Consumer Protection Act, he is not a consumer. So also, as per the Competition Act, 2002, as it is commercial in nature.
- As per the Competition Act, 2002, he is a consumer because, the purchaser of goods for resale or commercial purpose is also considered as a consumer.
- Since he has not paid the full amount, he can't be considered as a consumer. After payment only, his claim arises.
- The Competition Act, 2002, expressly prohibits such transactions and therefore he is not a consumer.

(xi) A debenture trustee can be

- any merchant banker.
- any scheduled bank.
- any NBFC.
- any entity registered with SEBI as such.

(xii) Eligible borrower can raise up to \_\_\_\_\_ million US\$ through ECB in automatic route under FEMA 1999.

- (A) 400
- (B) 600
- (C) 750
- (D) 1000

(xiii) The IRDA shall, within \_\_\_\_\_ after the close of each financial year, submit to the Central Government a report giving a true and full account of its activities including the activities for promotion and development of the insurance business during the previous financial year.

- (A) 9 months
- (B) 6 months
- (C) 3 months
- (D) 1 month

(xiv) In the course of doing business, if as on 1st March, 2025, a MSME unit goes to next category,

- (A) it shall cease to avail all the MEME benefits after 1 year.
- (B) it shall continue to avail all non-tax benefits for next 3 years.
- (C) it shall continue to avail all non-tax benefits for next 4 years.
- (D) it can avail only for the next one Financial Year.

(xv) Under the Prevention of Money Laundering Act, 2002, every Scheduled Offence is a

- (A) Money Laundering Offence
- (B) Pre-requisite Offence
- (C) Punishable Offence
- (D) Predicate Offence

#### **Section-B**

**Answer *any five* questions from Question nos. 2 to 8.**

**Each question carries 14 marks.**

**14×5=70**

**2.** (a) Mr. Jhunjhunwala proposed the name of Mr. Dandpat as Director, not liable to retire by rotation, in Vida Ltd. and submitted a notice in writing on 15/07/2024 along with a deposit of ₹1,00,000.

**State the validity of this proposal of Mr. Jhunjhunwala in the following situations:**

- (i) If Vida Ltd. is a Government Company and the Government has been duly intimated.
- (ii) If Vida Ltd. has a provision in its Articles for election of Directors by ballot.
- (iii) If it is a public limited company and the company has not served individual notices on members, but 7 days before the meeting, advertises such candidature or intention in a local vernacular newspaper in the district where the registered office is situated.

(b) M/s Pearson Ltd., a **public limited company** engaged in manufacturing of steel pipes, has the following financial figures as per its latest audited financial statements:

Particulars	Amount (₹ Cr)
Paid-up Equity Share Capital	100
General Reserve	20
Securities Premium	5
Term Loan from SBI	75
Turnover	575

The company proposes to invite public deposits of different tenures ranging from **three months to 36 months**.

Answer the following:

- Is the company eligible to invite public deposits?
- What is the limit for acceptance of deposits from the public? Can it accept deposits for less than six months?
- How much can the company accept as deposits from its members?
- How much can it accept from public and members together? 7

3. (a) A public limited company wants to hold an **urgent Board Meeting** at a shorter notice.

As per the **Companies Act, 2013**, examine

- whether the Board Meeting can be convened at a shorter notice and what conditions apply;
- whether decisions can be taken at such a meeting without an independent director; and
- if the meeting is held through **video conferencing** with directors in different locations, what shall be the **venue** of the meeting? 7

(b) The **Central Government**, under the powers conferred by Section 237(1) of the Companies Act, 2013, has ordered the **amalgamation** of **A Ltd.** and **B Ltd.** into a new company, **AB Ltd.**, on certain specified terms and conditions.

Under the scheme:

- Shareholders of **A Ltd.** are to receive ₹1,200 per existing share in cash, and in addition, **one share of AB Ltd. for every two shares held in A Ltd.**
- Shareholders of **B Ltd.** are to receive **one share of AB Ltd. for every share held in B Ltd.**

Two shareholders have **objected to the amalgamation**, contending that the **compensation awarded is unsatisfactory**.

**Duly outlining the applicable provisions, explain** whether any remedy is available to the dissenting shareholders under the Companies Act, 2013. What is the effect of the order of the Central Government passed in this regard? 7

4. (a) The Board Meeting of **Victoria Vibes Ltd.**, an unlisted public company having its Registered Office at **Chennai**, was convened at **8:00 p.m. on Sunday, 5th January, 2025**, at **Taj Palace, Mumbai**.

The total strength of the Board was **14 directors**, of which **2 positions were vacant**.

As per the provisions of the **Companies Act, 2013**, answer the following:

- (i) Examine the **validity of the venue, date, and time** of the Board Meeting.
- (ii) How should the **notice of the meeting** be circulated to a director who is currently in **London**?
- (iii) During the meeting, **7 directors attended** — 3 in person (at Mumbai), 2 from Bhopal, and 2 from London through **video conferencing**.

However, **5 minutes after commencement**, the **internet connection** of the 3 directors attending through video conferencing got disrupted, and they could not participate further.

The Chairman proceeded with the agenda and declared that **all resolutions were duly passed**, since the **agenda papers and draft resolutions** had been circulated in advance.

In addition, referring to the relevant provisions of the **Companies Act, 2013** and **Companies (Meetings of Board and its Powers) Rules, 2014**, decide the **validity of the place of meeting** and the **resolutions passed**. 7

(b) **United Social Services Ltd.** is a company formed by **10 professionals**, each contributing **₹1 lakh as paid-up capital**, making the **total paid-up capital ₹ 10 lakh**. The company intends to provide various **consulting and support services to NGOs and social sector organisations**, with the objective of earning only marginal profits sufficient to sustain operations.

The company has its **Registered Office in Delhi**, but intends to carry out activities on a **pan-India basis**.

In this context, critically examine the following perceptions of the company and advise its management in line with the provisions of the **Companies Act, 2013**:

- (1) Whether the company can be treated as a **non-profit company** merely based on its objects and intentions.
- (2) If not, whether it can be **converted into a not-for-profit (NPO) company**.
- (3) The **procedure and requirements** for such conversion. 7

5. (a) Briefly outline the **procedure for reporting of fraud** by auditors under Section 143(12) of the **Companies Act, 2013**, read with the **Companies (Audit and Auditors) Rules, 2014**. 7

(b) Under the provisions of the **Insolvency and Bankruptcy Code, 2016** (IBC), explain the **procedure for approval of a resolution plan** by the **Adjudicating Authority (NCLT)**. 7

6. (a) Corporate Social Responsibility (CSR) has emerged as an essential component for promoting the welfare of society. In India, the CSR framework is primarily governed by the **Companies Act, 2013**, and has evolved significantly over the years through national and international initiatives.

In this background, **explain the following terms and their provisions**:

(i) National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business

(ii) Sustainable Development Goals (SDGs), UN Guiding Principles (UNGPs) and Revised NVGs

(iii) National Guidelines on Responsible Business Conduct (NGRBC) – applicability to all businesses 7

(b) Explain how the **Business Intelligence (BI)** process works in an organization. 7

7. (a) For the issue of an Initial Public Offer (IPO), a company must fulfil certain eligibility conditions regarding **net worth, net tangible assets, operating profit, etc.**

Explain these conditions with reference to the **SEBI (ICDR) Regulations, 2018**.

**State why** these eligibility criteria have been laid down to make an IPO. 7

(b) A reputed car manufacturer implemented a discount policy applicable to customers and instructed its dealers not to offer any discounts beyond the prescribed limits. It further directed that any dealership found selling or billing at pre-revised prices after a price increase would be deemed to have violated the selling norms, and such billing would be treated as unauthorized discounting. The company monitored compliance through Master Service Agreements (MSAs), imposed penalties on dealers, and threatened strict actions such as stoppage of supply and recovery of penalties. The company contends that these measures are intended to maintain standard guidelines and discipline, and do not violate any provisions of the **Competition Act, 2002**.

**Examine** whether the conduct of the company is in **contravention of the provisions of the Competition Act, 2002**. 7

8. (a) Mr. P.K. Soni, a software engineer from India, moved to the USA in 2010 and remained settled there until 2024. During his stay, he purchased a flat and some equity shares in a company, collectively valued at \$100,000. Additionally, certain immovable properties were acquired in his wife's name. Upon her unfortunate demise due to a heart attack, Mr. Soni inherited those properties, valued at \$50,000. On 1st January, 2025, Mr. Soni returned to India with the intention to settle permanently.

In this context, answer the following , keeping in mind the applicable provisions under the **Foreign Exchange Management Act, 1999 (FEMA)**:

(i) Define **capital account transactions** and provide **three examples**.  
(ii) Mr. Soni, now a resident in India, wishes to pay certain outstanding dues in foreign currency (\$) from his foreign currency account held abroad. **Is he eligible to do so?** Advise him suitably. 7

(b) Analyse the **role of the Reserve Bank of India** in the formulation of monetary, banking and financial policies in India. 7

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