

Paper 4: Corporate and Allied Laws (Old Course)

1. ABHI Limited is a wholly owned subsidiary company of ETERNAL Limited. ETERNAL Ltd., makes an application for merger of Holding and Subsidiary Companies under the section 232 of the Companies Act, 2013. The Company Secretary of the ETERNAL Ltd., states that company cannot apply for merger under section 232 of the said Act. He further stated that the company shall have to apply for merger as per section 233 i.e. Fast Track Merger. State the correct statement in terms of the validity of the difference in the opinion of the Company secretary-
 - (a) Opinion of the Company Secretary of the ETERNAL Ltd. is valid holding that merger shall be as per section 233.
 - (b) Opinion of the Company Secretary of the ETERNAL Ltd. is invalid as merger shall be possible only as per section 232.
 - (c) Opinion of the Company Secretary of the ETERNAL Ltd. is invalid as the fast track merger under the section 233 are of the optional nature.
 - (d) Opinion of the Company Secretary of the ETERNAL Ltd. is invalid as the provisions given for fast track merger in the section 233 can be made between only small companies.
2. 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 Insolvency 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
3. Aakaar Solar Energy Private Limited was allowed the status of a 'dormant company' after a certificate to this effect was issued on 1st July 2018 by the Registrar of Companies, Delhi and Haryana. Mention the latest date after which the Registrar is empowered to initiate the process of striking off the name of the company if Aakaar Solar Energy continues to remain as a dormant company.
 - (a) After 30th June, 2023.
 - (b) After 30th June, 2019.
 - (c) After 30th June, 2020.
 - (d) After 30th June, 2021.
4. Jupiter Shopping Mall Limited was incorporated on 3rd December, 2016. As on 31st March 2018, it had free reserves of Rs. 50.00 lacs and its Securities Premium Account showed a balance of Rs. 7.50 lacs. One of its directors Raha has a leaning towards a particular political party in which his other family members are actively involved. Raha convinced the other two directors of the company i.e. Promila and Rana to contribute a sum of Rs. 10.00 lacs to this political party. Accordingly, the Board of Directors held a meeting on 16th December, 2018 and passed a resolution to contribute the decided amount. Advise the company as to how much amount they can contribute to a political party in the FY 2018-19.
 - (a) The company cannot contribute any amount to a political party in the FY 2018-19.
 - (b) The company can contribute maximum Rs. 2.50 lacs in the FY 2018-19.
 - (c) The company can contribute maximum Rs. 3.75 lacs in the FY 2018-19.
 - (d) The company can contribute maximum Rs. 5.00 lacs in the FY 2018-19.

5. Astistav Private Limited is a company with ten shareholders. A member holding less than one-tenth of the share capital of the company apply to the Tribunal for relief against oppression and mismanagement? State whether a member have a right to apply to the tribunal in above situation:
 - (a) A single Member cannot apply to the Tribunal for relief against oppression and mismanagement
 - (b) A member cannot apply as he is holding less than one-tenth of the share capital of the company
 - (c) A member can apply being one-tenth of the total number of members.
 - (d) A member cannot apply as the requirement of atleast hundred members is not complied with.
6. Nanny Marcons Private Limited was incorporated on 9th June, 2017. For the financial year 2017-2018, it did not file its financial statements and annual returns. For the time being the company desires to be treated as 'inactive company' since it does not intend to carry on any business permitted by its Memorandum. As to when ROC can issue certificate of status of dormant company to 'Nanny Marcons' on the basis of non-submission of financial statements if the company makes an application to the Registrar in this respect.
 - (a) After non-submission of financial statements for the two financial years i.e. 2018-19 and 2019-20.
 - (b) After non-submission of financial statements for the next financial year i.e. 2018-19.
 - (c) After non-submission of financial statements for the three financial years i.e. 2018-19, 2019-20 and 2020-21.
 - (d) After non-submission of financial statements for the four financial years i.e. 2018-19, 2019-20, 2020-21 and 2021-22.
7. Mr. KG filed a complaint against Mr. P alleging that Mr. P has communicated unpublished price sensitive information to Mr. X. Mr. P took a plea that Mr. X requested him for such information and it was done bonafidely. State the correct statement as to the liability of Mr. P in the given situation -
 - (a) Mr. P will not be liable as he communicated about unpublished price sensitive information on the request of Mr. X
 - (b) Mr. P will not be liable as he communicated about unpublished price sensitive information to Mr. X, in the ordinary cause of business
 - (c) Mr. P will not be liable as he communicated about unpublished price sensitive information to Mr. X, as it was done without any malafide intention.
 - (d) Mr. P will be liable as he communicated about unpublished price sensitive information to Mr. X, whether with or without his request for such information.
8. Mr. X filed an application for initiation of insolvency process before the NCLT on 1st Feb, 2019. On ascertaining the commission of default by the corporate debtor on 10th Feb, 2019, NCLT admitted the application and declared moratorium. From which date does the Corporate Insolvency Resolution Process commence?
 - (a) CIRP process shall commence from the date of initiation of the insolvency process
 - (b) CIRP process shall commence from the date of occurrence of default
 - (c) CIRP process shall commence from the date of declaration of moratorium
 - (d) CIRP process shall commence from the date of admission of the application
9. Minimum threshold prescribed for applicability of SARFAESI Act on NBFCs is –
 - (a) 1 crore
 - (b) 10 crore
 - (c) 100 crore
 - (d) 500 crore
10. Drug trafficking is a punishable offence in India. Suppose, Mr. X and Mr. Y are involved in drug trafficking including imported drugs trafficking. Under which Act, Mr. X and 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
11. Amazon Limited was incorporated on 23rd March, 2017. You are one of the promoters and Directors of the Company. You are explaining the other promoters that we need to appoint First Auditor within 30 days from the date of Incorporation of the Company. How will you guide them and appoint first auditor for the Company?
- (a) You will ask other shareholders to have a meeting and appoint first auditor until the conclusion of first annual general meeting;
 - (b) You will ask other shareholders to have a meeting and appoint first auditor for the period of 5 years;
 - (c) You will ask Board of Directors to have a meeting and appoint first auditor for the period of 5 years;
 - (d) You will ask Board of Directors to have a meeting and appoint first auditor until the conclusion of first annual general meeting.
12. Srishakti Homecare Limited, incorporated on 30th October, 2018, has ten subscribers to the Memorandum out of which two are private limited companies and remaining individuals. However, there is no mention in any of the documents as to who shall be the first directors. Advise the company regarding the appointment of first directors who shall manage the affairs of the company.
- (a) All the subscribers to the Memorandum shall be deemed to be the first directors.
 - (b) The two private limited companies being subscribers to the Memorandum shall decide as to who shall be the first directors.
 - (c) All the individual subscribers to the Memorandum shall be deemed to be the first directors.
 - (d) As the company requires minimum three directors, the eight individual subscribers shall choose two from among themselves and one shall be chosen by the two private limited companies from among themselves.
13. A group of creditors of X Limited makes a complaint to the Registrar of Companies. They asserted that the management of the company is indulged in destruction and falsification of the accounting records of the company. The complainants request the Registrar to take an immediate steps to stop the management to tamper with the records. The complaint was received in the morning on 1st January 2019 and the ROC entered the premises within half an hour for the search. The course of action that can be taken by Registrar are:
- (a) Registrar may enter and search the place where such books or papers are kept and seize them
 - (b) Registrar may enter and search the place where such books or papers are kept and can seize only after obtaining an order from the special court
 - (c) Registrar may enter and search the place where such books or papers are kept only on the order of the special court
 - (d) Registrar may enter and search the place where such books or papers are kept and give an opportunity to the company to represent why such documents may not be seized.
14. With whom will the Central Government file an application if it is of the opinion that such a scheme is not in public interest or in the interest of the creditors?
- (a) Cannot move an application
 - (b) it may file an application before the Tribunal
 - (c) it may file an application before the Parliament

- (d) It may file through Special Petition before Supreme Court.
15. When can a winding up order not be called a notice of discharge?
- (a) when the business of the company is continued
 - (b) when the business of the company is closed since 2 years.
 - (c) On the discretion of the management
 - (d) till a provisional Liquidator is appointed
16. In case a Valuer becomes interested in any property, stock etc of the company, he may be appointed as Registered Valuer of the company after a cooling off period of:
- (a) 3 years
 - (b) 5 years
 - (c) 1 year
 - (d) He will never be appointed as Registered Valuer of the company
17. Any person who is aggrieved by the order of Appellate Tribunal (NCLAT) may approach to the Supreme Court on any question of law within:-
- (a) 30 Days
 - (b) 45 Days
 - (c) 60 Days
 - (d) 90 days
18. State the incorrect statement w.r.t to the withdrawal of the corporate Insolvency Resolution process :
- (a) Withdrawal of CIRP is allowed after post admission
 - (b) Approval of 66 % voting shares of CoC is required
 - (c) Adjudicating authority is the concerned authority for the Withdrawal
 - (d) Withdrawal is of admitted application made under section 7, 9, and 10
19. Person who has provided goods or services and the payment for same is due from the corporate debtor, is a:
- (a) Financial Creditor
 - (b) Operational creditor
 - (c) Corporate applicant
 - (d) Both (a) & (b)
20. The nature of the liabilities of the entity which comes from a transaction on operation, are:
- (a) Debt
 - (b) Financial debt
 - (c) Operational debt
 - (d) Both (b) & (c)

Answer Keys

1.	(c)	6.	(b)	11.	(d)	16.	(a)
2.	(b)	7.	(d)	12.	(c)	17.	(c)
3.	(a)	8.	(d)	13.	(b)	18.	(b)
4.	(a)	9.	(d)	14.	(b)	19.	(b)
5.	(c)	10.	(b)	15.	(a)	20.	(c)