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PART – I

Case Scenario – I :

XYZ Technologies Ltd. is a public limited company registered under the Companies Act, 2013 and has a diverse shareholder base. Due to large number of shareholders and the fact that many of them reside in different parts of the country, there is a significant interest in appointing proxies to represent shareholders who cannot attend the meeting.

The Directors of XYZ Technologies Limited, desire to conduct an Extra-ordinary General Meeting (EGM) to discuss an important fund raising proposal. The meeting is scheduled to be held at 3 p.m. on 2nd February, 2025, and the notice of the meeting is sent to all the members as required by the provisions of the Companies Act, 2013.

As per the notice, the members who are unable to attend the meeting can appoint proxy and the proxy forms duly filled should be sent to the company so as to reach the company at least 48 hours before the meeting.

Mr. Praveen, a shareholder and experienced investor has often represented many shareholders in prior meetings. This time he has been approached by 52 members to act as their proxy.

Based on the facts given in the above case and by applying the relevant provisions of the Companies Act, 2013 and the applicable rules therein, choose the correct answer of the following MCQs : (Q. No. 1 to 3)

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1. Mr. Praveen has approached you to seek guidance that for how many members he can accord his confirmation to act as proxy as per the provisions of Section 105 of the Companies Act, 2013 ?

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- (A) Mr. Praveen can accord his confirmation to act as proxy for 52 members, if they are holding in aggregate more than 10 percent of the total share capital of the company carrying voting rights.
- (B) Mr. Praveen can accord his confirmation to act as proxy for 52 members, if they are holding in aggregate not more than 10 percent of the total share capital of the company carrying voting rights.
- (C) Mr. Praveen can accord his confirmation to act as proxy for 50 members, if they are holding in aggregate not more than 10 percent of the total share capital of the company carrying voting rights.
- (D) Mr. Praveen can accord his confirmation to act as proxy for 50 members, if they are holding in aggregate more than 10 percent of the total share capital of the company carrying voting rights.

2. Mr. Rajan, a member of the company, entitled to vote at a meeting of the company shall be entitled to inspect the proxies lodged provided he has given _____.

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- (A) Not less than twenty four hours' notice to the company in writing of the intention so as to inspect the proxies lodged with the company.
- (B) Not less than three days' notice to the company in writing of the intention so as to inspect the proxies lodged with the company.

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- ~~(C)~~ Not less than two days' notice to the company in writing of the intention so as to inspect the proxies lodged with the company.
- (D) Not less than twelve hours' notice to the company in writing of the intention so as to inspect the proxies lodged with the company.
3. As the Company Secretary of the Company, advise the Board of Directors to reply to the question raised by a member in the meeting with respect to the prescribed period for which the company shall preserve the register of members and copies of documents filed with ROC respectively for _____ and _____.
- (A) 8 years, 8 years
- (B) 8 years, Permanently
- ~~(C)~~ Permanently, 8 years
- ~~(D)~~ Permanently, Permanently

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Case Scenario – II :

Classical Diagnostics Ltd. (CDL) is a company engaged in the business of providing diagnostic services in all major cities of India. The CDL have paid-up capital of ₹ 700 crores. The face value of each of the share is ₹ 10 only. As a staff welfare scheme, the CDL has taken Group Mediclaim Policy for all its employees from Bharosa Insurance Company Ltd. (BICL).

BICL was incorporated in 2015 and was having paid-up capital of ₹ 1,500 crores. In order to raise further funds, the BICL has issued bonds, Unit Linked Insurance Plan and debentures to the public. The BICL had also issued Preference Shares on private placement basis and were offered to the employees of the CDL.

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The CDL proposed to change the rights associated with the present shareholders. Out of the ₹ 700 crores of the paid-up capital, the promoter's holding was 60% and rest of the 40% was with the public and other financial institutions. The variation proposed in the shareholder's right is that whosoever surrenders their right to vote in the meeting will be given higher dividend (if declared by the company) which shall be 2% more than the shareholders who retain the right to vote.

The CDL called on Extra-ordinary General Meeting (EGM) for passing of the special resolution. Some of the shareholders did not consent to the proposal of the company and moved to the Tribunal against the variation.

Based on the facts given in the above case and by applying the relevant provisions of the Companies Act, 2013 and the applicable rules therein, choose the correct answer of the following MCQs : (Q. No. 4 to Q. No. 6)

4. Bharosa Insurance Company Ltd. (BICL) has issued certain instruments. Which among the following shall not be covered under the definition of "Securities" ? 2

(A) Bonds (B) Debentures
(C) Preference Shares (D) Unit Linked Insurance Plan

5. Classical Diagnostics Ltd. (CDL) proposed for variation in the shareholder's voting right. How much percentage of issued shares of that class shall be required for consent for passing such resolution ? 2

(A) The holders of atleast 51% of the issued shares of that class.
(B) The holders of atleast 66% of the issued shares of that class.
(C) The holders of atleast 71% of the issued shares of that class.
(D) The holders of atleast 75% of the issued shares of that class.

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6. Where the holders of at least _____ of the issued shares of a class who did not, consent to or vote in favour of the resolution for the variation, may apply to the Tribunal to have the variation cancelled, and where any such application is made, the variation shall not have effect unless and until it is confirmed by the Tribunal.

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(A) 1%

(B) 10%

(C) 66%

(D) 95%

Case Scenario – III :

Dr. Ronak Mosay, a renowned lyricist and a folk singer wants to perform with his musicians across the world on a Cultural tour, partially sponsored by Youth Welfare Department of his local government. His next show is in the city of Vancouver, Canada. Dr. Ronak Mosay is an Indian citizen and a person resident in India. Dr. Ronak Mosay is also having his brother living in Canada. Dr. Ronak Mosay also regularly keeps promoting and sponsoring Cricket tournaments in Canada. For his forthcoming tour to Canada, he wants to remit foreign exchange for hotel and for other event booking expense.

Based on the facts given in the above case and by applying the relevant provisions of the Foreign Exchange Management Act, 1999 and the applicable rules (if any) therein, choose the correct answer of the following MCQs : (Q. No. 7 to Q. No. 9)

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7. For his show in Canada, he needs to obtain prior approval for remittance of foreign exchange from : 2
- (A) Ministry of Finance
 - (B) Ministry of Information and Broadcasting
 - (C) Ministry of Communication and Information Technology
 - (D) Ministry of Human Resources Development (Department of Education and Culture)
8. Dr. Ronak Mosay has enquired from you that for which of the following purposes, is he allowed to draw foreign exchange ? 2
- (A) For his own travel to Nepal.
 - (B) Remittance of US \$ 50,000 out of lottery winnings to his son in US.
 - (C) Remittance for purchase of sweepstakes.
 - (D) Gift of US \$ 10,000 to his brother in Canada.
9. Dr. Ronak Mosay desires to remit US \$ 1,50,000 for payment of prize money to the winning team in a cricket tournament in Canada. He needs to obtain approval from which of the following ? 2
- (A) His bank only, as the amount is less than US \$ 2,50,000.
 - (B) No approval is required.
 - (C) The transaction is a prohibited transaction.
 - (D) Ministry of Human Resource Development (Department of Youth Affairs and Sports)

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Case Scenario – IV :

Rohit and Anushka after passing out the CA examination, incorporated an LLP to work as the practicing Chartered Accountant. Rohit and Anushka were also titled as designated partners. After sometime, Rohit got an opportunity to provide consultancy services on an ongoing basis to a company based in Singapore. Rohit remained in India for 90 days during the Financial Year 2023-24. The LLP continues its operations from India with Anushka whereas Rohit participates in decision making remotely.

Based on the facts given in the above case and by applying the relevant provisions of the LLP Act, 2008 and the applicable rules therein, choose the correct answer of the following MCQs : (Q. No. 10 and Q. No. 11)

10. As per the LLP Act, 2008, the term resident in India means a person who has stayed in India for a period of :

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- (A) not less than one hundred and twenty days during the financial year.
- (B) not less than sixty days during the financial year.
- (C) not less than one hundred days during preceding one year.
- (D) not less than ninety days during preceding one year.

11. As per the LLP Act, 2008, whether above LLP fulfills the requirements of designated partner ?

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- (A) No, as both of the designated partners Rohit and Anushka should be resident in India.
- (B) No, as both of the designated partners should be non-resident.
- (C) Yes, as Rohit is a resident of India as defined under the LLP Act, 2008.
- (D) Yes, as at least one of the designated partners should be resident in India and Anushka is a resident of India.



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12. The term "Year" as per General Clauses Act, 1897 means : 2
- (A) Financial year
 - (B) A year according to the British calendar which starts from January to December.
 - (C) 365 days
 - (D) Any period of 12 months
13. The General Clauses Act, 1897 (Act) was enacted on 11th March, 1897 to consolidate and extend the General Clauses Act, _____ and _____. 2
- (A) 1857 and 1887
 - (B) 1887 and 1893
 - (C) 1878 and 1880
 - (D) 1868 and 1887
14. Jade Suites LLC is a chain of hotels and restaurants all over the world. It is proposing to establish a Hotel at Goa. It has appointed a Chartered Accountant Mr. B for taking care of the registration formalities of the company. While the registration process was ongoing, the company entered into a lease agreement with a land owner for the construction of its Hotel. After few months, the Directors of Jade Suites LLC withdrew their interest in establishing a Hotel at Goa due to the news in social media regarding the fall in the tourism industry there. The land owner refused to repay the advance received by him. Can Jade Suites LLC sue the land owner in the capacity of a foreign company ? Referring to the provisions of the Companies Act, 2013, choose the correct option : 2
- (A) Jade Suites LLC is a foreign company and can sue the land owner for the advance amount given in its capacity as a Foreign Company.

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- (B) Jade Suites LLC is incorporated as a foreign company, it can't sue the land owner.
 - (C) The Registration process is not yet complete and hence Jade Suites LLC cannot sue the land owner in its capacity as a Foreign Company.
 - (D) Once the registration process has started, the company is deemed to be incorporated as a foreign company and hence Jade Suites LLC can sue the land owner.
15. Any instrument in the form of depository receipt created by a Domestic Depository in India and authorized by a company incorporated outside India making an issue of such depository receipts, is called as :
- (A) American Depository Receipt
 - (B) Global Depository Receipt
 - (C) European Depository Receipt
 - (D) Indian Depository Receipt
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Roll No.



Total No. of Questions – 6

Total No. of Printed Pages – 12

Maximum Marks – 70

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. **The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.**
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit the descriptive answer books with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer book.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having / using mobile phone or smart watch will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 Marks

1. Question paper comprises 6 questions. Answer Question No. 1 which is compulsory and any 4 out of the remaining 5 questions.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

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PART – II

1. (a) Amrish after completing his post-graduate degree in mechanical engineering from the United Kingdom returned back to India. Although he got a good placement in a UK based company but he thought to build his own business empire in India. Amrish belongs to Barmer district (Rajasthan) where his parents have agricultural land of 20 acres. He planned to manufacture commercial drones for the use of agricultural harvesting and assist in supply chain process. For this purpose, he planned to incorporate a private limited company having the following persons as the first subscribers to the Memorandum and Articles of Association :

- (i) Amrish (himself)
- (ii) Robert (He is a college friend of Amrish. He is a Citizen of UK. He has technical expertise and in order to incorporate the company visited India on a valid Business Visa).
- (iii) Eliza (She is college friend of Amrish. She is a Citizen of Netherlands and has good business contacts in European Countries which will be immensely useful in marketing of the company's products).
- (iv) Goma Devi (Mother of Amrish, who is illiterate. She has recently sold part of her agricultural land and has received ₹ 15 crores, out of which she agreed to subscribe ₹ 5 crores in the share capital of the proposed company).

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(v) Goodwork Technologies LLP (A Limited Liability Partnership having the expertise in the field of remote sensing devices).

(vi) Mohit Electronics Private Ltd. (A Private Limited Company having expertise in the field of providing Electronics and Electricals).

Amrish planned to have the Registered Office of the proposed company at Jaipur while the factory and works office shall be at the Barmer.

For incorporation of a company, an application for registration is to be filed with the Registrar. In the given case, the initial subscribers to the company consists of one illiterate person, two foreign nationals, one LLP and one Private Limited Company.

Discuss the procedure, how these persons shall subscribe to the Memorandum of Association and Articles of Association.

- (b) Sangeeta was appointed as Statutory Auditor of ABC Ltd. in the Annual General Meeting (AGM) of the shareholders held on 20th August, 2023. However, Sangeeta met with an accident on 23rd December, 2023 and died. The Board of Directors of the ABC Ltd. filled up the casual vacancy caused by the sudden death of Sangeeta and appointed Keshav as the Statutory Auditor. The next AGM of the Company was scheduled for 28th August, 2024 in which the Board of Directors recommended for appointment of Aashish as Statutory Auditors before the shareholders. Keshav objected for the appointment of Aashish and gave representation

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to the Company Secretary mentioning therein that his (Keshav) appointment was approved by the Board of Directors after the demise of Sangeeta thus can continue as Statutory Auditor of the Company till the conclusion of the next 6th Annual General Meeting and also threatened to report the matter to the Registrar and the NCLT.

Based on the above facts answer the followings :

- (i) Explain the procedure to fill up the casual vacancy of the office of Statutory Auditor.
- (ii) Whether the contention raised by Keshav is justified as per the provisions of the Companies Act, 2013 ?
- (iii) What shall be your answer, if the casual vacancy in the office of the Statutory Auditor in the company was caused by resignation of Sangeeta ?

(c) Mr. V is a person of Indian origin who had moved to USA along with his wife in the year 1998 and had been living there until 2024. He was holding joint bank accounts with his wife in USA since 1998. On the demise of his wife on 17th November, 2024, he had returned permanently to India on 24th November, 2024. He also inherited his wife's money after her death, which got transferred to his bank account in USA. After few days of his return to India, he has paid premium from his bank account in USA of his insurance policy, which he had taken when he was in USA. 4

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Referring to the provisions of the Foreign Exchange Management Act, 1999, examine whether Mr. V is permitted to carry out the above transactions.

2. (a) Referring to the provisions of the Companies Act, 2013, state whether the following amounts received by the company constitutes a deposit or not : 5
- (i) IQ Books Limited received share application money of ₹ 50 crores from investors on 8th December, 2024. As the issue was under subscribed, the company refunded the amount to the investors on 20th February, 2025.
- (ii) Suraj, Raj and Tejas are the promoters of Precious Jewellers Limited. They borrowed a sum of ₹ 200 crores from ABC Bank Limited for its working capital purpose. The Bank imposed a stipulation that the promoters should contribute at least 20% of the amount borrowed. Hence, Suraj brought in ₹ 10 crores, Raj brought in ₹ 15 crores and Mr. K, father of Tejas brought in ₹ 15 crores.
- (iii) Pretty Cosmetics Limited issued non-convertible debentures for ₹ 125 crores and listed it on a recognized stock exchange adhering to SEBI rules and regulations. The company created a charge on its assets in favour of the debenture holders and duly registered the charge.

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- (b) Spark Services Limited issued a prospectus inviting public offer of securities on 18th June, 2024. The prospectus mentioned that Mr. T is one of the Directors of the Company. Mr. T is a famous social worker who helps in educating the poor children in Rajasthan. The prospectus also mentioned that a certain percentage of funds raised will be utilized towards that community service. 5

Mr. C was impressed by these statements and subscribed to the shares of the company. He was allotted 1000 shares of the company. He subsequently sold 250 shares to Mr. D. On 15th December, 2024, he came to know that Mr. T was not a director and the company never had any intention of doing community service.

Mr. C and Mr. D want to rescind the contract. Referring to the provisions of the Companies Act, 2013, examine whether Mr. C and Mr. D can rescind the contract.

- (c) Purva Buildcon Ltd. (PBL) is a public company having two subsidiary companies namely Arihant Cements Ltd. (ACL) and Siddharth Bricks Ltd. (SBL). Purva is a Chief Financial Officer of PBL. 4

Ashish and Mrinal, who were the CFO's of ACL and SBL resigned from their respective companies and Purva was offered to take charge of the office of CFO in ACL and SBL, which she accepted.

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Whether Purva can be designated as CFO simultaneously in two subsidiaries (i.e. in SBL and ACL) besides being CFO of PBL ? Examine the matter with reference to the provisions contained in the Companies Act, 2013 as well as in the General Clauses Act, 1897.

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3. (a) Comment on the following :

- (i) Disclosure required to be made on the face of the Prospectus.
- (ii) Conditions in regard to Experts' Statement.
- (iii) Date of publication of prospectus.

(b) Vital Pharmacy Limited is engaged in the manufacturing of medicines to cure skin diseases. It has established a unit in Germany. It registered few patents in Germany and raised funds by creating a charge on its stock in Germany and the patent rights. The company registered the charge created on its stock but did not register the charge created on the patent rights.

The Company received a notice from the Registrar of Companies for not filing the particulars of charge created by the Company on the property or assets situated outside India. The Company wants to defend the notice on the ground that it shall not be the duty of the company to register the particulars of the charge created on the patents obtained outside India and also as they are intangible in nature.

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Referring to the provisions of the Companies Act, 2013, examine the validity of the company's claim.

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(b) What do you mean by Floating Charge and when it converts into a Fixed Charge ? 5

(c) 'The meaning of a word is to be judged by the company it keeps.' 4
Explain the concept of 'Noscitur A Sociis'.

4. (a) XYZ Ltd., uses an Accounting Software for recording its financial transactions. 5

The statutory auditor of the company while auditing finds the following issues :

- Some journal entries were altered without creating edit logs for all such changes.
- The audit trail feature was disabled for certain modules (e.g., inventory adjustments, inter-company transactions).

Keeping in view of the above issue, advice the company on the followings :

- (i) Audit trail and Edit Log requirements
- (ii) The back-up of books of accounts.

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(b) Sun Roofings LLP has 6 partners. Mr. K, a partner is in-charge for the marketing division of the firm. He is literally the face of the firm and due to his acumen the business was doing very well. Mr. W is one of the senior most partner and a major investor in the firm. Mr. K met with a sudden demise. The LLP however continued its operations without dissolving the LLP. The firm incurred huge losses after his death and Mr. K's share in the firm was also utilised to repay the debts. 5

Mr. W transferred his share to his son M who has previous experience in marketing. M wanted to take active part in the business but the remaining partners did not allow him. Referring to the provisions of the Limited Liability Partnership Act, 2008 state whether;

- (i) Mr. K's share can be used to repay the firm's debts after his death
- (ii) The remaining partners of Sun Roofings can forbid M to take part in the business.

(c) Whether Illustrations will have effect of modifying the language of the section in connection with Interpretation of Statutes ? Explain with the help of an example. 4

5. (a) Write down functions and duties of the National Financial Reporting Authority. 5

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(b) Write down any five points on the distinction between LLP and Limited Liability Company. 5

(c) Dream Builders Limited was engaged in the activity of building and selling budget friendly apartments. It recently started a new project at Noida. Pending approval, the builders started the construction work. On verification of documents, the Corporation of Noida refused to sanction the permission and the Assistant Commissioner Mr. S issued a demolition order, signed by him under his authority. 4

The builders filed an appeal at the court and stayed the demolition. After 6 months of court trials, the verdict was announced in favour of the Corporation of Noida. Mr. G, the present Assistant Commissioner initiated the demolition process.

The builders argued that the order was passed by Mr. S and since he is no longer in the authority, the order stands cancelled and Mr. G cannot demolish the construction.

Referring to the provisions of the General Clauses Act, 1897, determine the validity of the claim of the builders.

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6. (a) DNC Hydro Limited, obtained a loan of ₹ 3,000 crores from SPM Bank 5
in April, 2021 to finance its hydropower generation project. To secure the
loan, the company created a charge on its assets including land, plant and
machinery. The charge was registered with the ROC in form CHG-1.

In September, 2024, DNC Hydro Limited fully repaid the loan and SPM
Bank issued no dues certificate to the company.

However, due to internal compliance oversight, DNC Hydro Limited
failed to file form CHG-4 within the 30 days prescribed limit under
Section 82 of the Companies Act, 2013.

In January, 2025, RTS Bank approved a loan for ₹ 1,000 crore to DNC
Hydro Limited for acquiring new plant and machinery.

During the due diligence, RTS Bank discovered that the old charge was
still active in the ROC records, thereby creating problems for the
disbursement of the new loan.

As a Financial Advisor of the company, advise what are the legal and
procedural steps DNC Hydro Limited should follow to remove the old
charge from ROC records.

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- (b) ABC Inc., a company based in USA, develops cyber security software and sells it to its Indian clients. 5

ABC Inc. has entered into service agreement with PQR Private Limited, a company incorporated in India. PQR Private Limited provides support to the Indian customers for the software installation and after sale services. PQR Private Limited also holds 50% of shares of ABC Inc.

Explain whether ABC Inc. is required to comply with the provisions of chapter XXII of the Companies Act, 2013.

- (c) Define "Foreign Exchange" and "Foreign Security" as per the provisions of the Foreign Exchange Management Act, 1999. 4

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