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TEST-5

CA INTERMEDIATE

CORPORATE AND OTHER LAWS

Topics Covered:

Full Syllabus

QUESTION PAPER BOOKLET NO. 5032024

(10-03-2024 03:00 P.M. TO 6:00 P.M)

Roll No597564.....

Time allowed: 3 hours

Total No. of Printed Pages: 11

Maximum Marks: 100

GENERAL INSTRUCTIONS TO CANDIDATES

1. The Question Paper comprises two parts, Division A & Division B
2. Division A comprises Multiple choice Questions
3. Division B comprises questions which require descriptive type answers
4. TIME ALLOWED 180 MINUTES
5. MAXIMUM MARKS 100

DIVISION A

MULTIPLE CHOICE QUESTIONS

- I. Jai and Veeru, two friends, formed a private limited company as Basanti Taanga Private Limited and got it registered on 10th January, 2018. The registered office of the company was situated at Kolkata, West Bengal. The company had an authorised share capital of ₹ 50 lacs divided into 5 lacs equity shares of ₹10/- each. The issued, subscribed and paid-up share capital of the company was of ₹ 30 lacs divided into 3 lacs equity shares of ₹ 10 each. The company was engaged in supplying various motor parts to the vehicles companies. “Basanti” was a registered Trade mark of Basanti Motorwala Private Limited of Mumbai since 15th January, 2016 under the Trade Marks Act, 1999. This company was also engaged in manufacturing and supplying various auto parts to the vehicles companies.

Basanti Motorwala Private Ltd. of Mumbai came to know on 20th January, 2022 about Basanti Taanga Private Limited of Kolkata who was using identical name and mark. Being a registered proprietor of a trade mark, Basanti Motorwala Private Ltd. filed an objection with an appropriate authority under Companies Act, 2013 on 15th March, 2022 that the name Basanti Motorwala Private Ltd. or the mark the company was using is found to be identical with or too nearly resembles to the registered trade mark of Basanti Motorwala Private Ltd. and such the appropriate authority should direct Basanti Taanga Private Ltd. to change its name. The appropriate authority after going through all the details rejected the application of Basanti Motorwala Private Ltd.

Thereafter on 14th July, 2020, Basanti Motorwala Private Ltd. requested Basanti Taanga Private Ltd. to change its name and Basanti Taanga Private Ltd. accepted the same in good relationship. Basanti Taanga Private Ltd. complied with all the formalities under Companies Act, 2013 such as passing of all necessary resolutions, taking approval from appropriate authority, filing of documents with the Registrar of Companies etc. The name of the company Basanti Taanga Private Ltd. was changed to Jai Veeru Private Limited. A fresh certificate of incorporation was issued to the company by the Registrar after being satisfied with the name change application of the company. Subsequent to the issuance of the new incorporation certificate, steps were taken up to incorporate the new name in all copies of the Memorandum of Association, Articles of Association and other documents of the company.

Multiple Choice Questions [3 MCQs of 2 Marks each: Total 6 Marks]

1. In the above case scenario, what can be the most evident reason for the appropriate authority to reject the application of Basanti Motorwala Private Ltd.?
 - (a) The appropriate authority rejected the application on the basis that the names of both the companies are different – Basanti Motorwala Private Ltd. and Basanti Taanga Private Ltd.
 - (b) The appropriate authority rejected the application as Basanti Motorwala Private Ltd. (owner of the registered mark) should had filed the objection within three year of the registration of company with identical name.
 - (c) The appropriate authority could have rejected the application on the basis that both the companies are located in different cities and thus can use almost similar names.
 - (d) The appropriate authority could have rejected the application on the basis that both the companies have different year of incorporation and both are located in different cities.

2. In the above case scenario, what ought to have been the time limit within which Basanti Motorwala Private Ltd. should have filed the objection for wrong name:
- On or before 9th January, 2021
 - On or before 9th January, 2022
 - On or before 9th January, 2023
 - The can file the objection at any time
3. According to above case, a fresh certificate of incorporation was issued to the company by the Registrar after being satisfied with the name change application of the company. Which of the following statements is correct in this context?
- The change in name of the company is said to be complete and effective from the date of passing of resolution in the general meeting of members.
 - The change in name of the company is said to be complete and effective from the date of issue of fresh certificate of incorporation by the Registrar.
 - The change in name of the company is said to be complete and effective from the date on which documents were filed with the Registrar.
 - The change in name of the company is said to be complete and effective from the date of the order of Ministry Corporate Affairs approving the change of name.

- II. Omx Software Private Limited is a private company and having its registered office in Bangalore and is a wholly owned subsidiary of Omx Software Inc, situated in USA. Mr. Rajat Kapoor, Mr. Shubham and Mr. Peter are directors of Omx Software Private Limited. Mr. Rajat and Mr. Shubham are Indian residents while Mr. Peter is a non-resident and stays in USA. Mr. Peter is also a director in Omx Software Inc.

Mr. Rajat left India on 2nd November, 2021 for the purpose of looking after the business of Omx Software Inc. Mr. Rajat came to back to India on 12th February, 2022 to meet his family and left India on 26th February, 2022 and went back to USA to look after the business of Omx Software Inc. Mr. Rajat again visited India on 25th August, 2022 and stays in India for the whole year.

Omx Software Private Limited had availed a consultancy service from a company situated in USA for development of software for the purpose of rendering service to its customers situated in India. Mr. Rajat had purchased a residential property in USA on 27th April, 2022 which was self-occupied by him for his residential use.

(MCQs 4 to 8 are based on above case scenario)

4. Considering the provisions of the Foreign Exchange Management Act, 1999, which of the following options correctly determines the residential status of Mr. Rajat Kapoor: **(2 Marks)**
- Mr. Rajat Kapoor to be treated as resident in India for Financial Year (FY) 2022-2023 and FY 2023-2024 since he stays in India for more than 182 days
 - Mr. Rajat Kapoor to be treated as non-resident in India for FY 2022-2023 since he left India for the purpose of carrying business of Omx Software Inc and resident for FY 2023-2024
 - Mr. Rajat Kapoor to be treated as non-resident for FY 2022-2023 and FY 2023-2024
 - Mr. Rajat Kapoor to be treated as resident in India for FY 2022- 2023 since he stays in India for more than 182 days and non-resident for FY 2023-2024

5. Considering the provisions of the Foreign Exchange Management Act, 1999, how much amount can company remit outside India: **(2 Marks)**
- Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 1,000,000 per project
 - Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 100,000 per project
 - Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 200,000 per project
 - Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 2,000,000 per project
6. Considering the provisions of the Foreign Exchange Management Act, 1999, in respect of purchase of residential property by Mr. Rajat in USA which of the following statement is correct? **(2 Marks)**
- Purchase of residential property by Mr. Rajat is a current account transaction
 - Mr. Rajat has to sell his property before returning to India permanently as he becomes resident in subsequent years
 - Purchase of residential property by Mr. Rajat is neither capital account transaction nor current account transaction
 - Purchase of residential property by Mr. Rajat is a capital account transaction
7. Bhavesh, Yash and Chirag incorporated a Limited Liability Partnership for doing the business of trading of timber under the name Solid Lakkad LLP. Chirag has shifted his residence from 12, Block C, Kamla Nagar, Agra to 808, Sector 1, Bodla, Agra on 16th November, 2023. Chirag informed the firm about change of his address on 20th November, 2023 sending a written notice. Now, by which date Solid Lakkad LLP is required to file a notice with the registrar? **(1 Mark)**
- 1st December, 2023
 - 5th December, 2023
 - 16th December, 2023
 - 20th December, 2023
8. Druk Software Company Inc., a company incorporated in Australia, proposes to establish a place of business at Mumbai. The list of the Directors includes (i) Mr. Arun – Managing Director, (ii) Mr. Ranveer – Director, (iii) Mr. Ramesh Malik - Director and (iv) Mr. Navaaz - Director. Ms. Lavina has been appointed as the Secretary of Druk Software Company Inc. It is to be noted that Mr. Ramesh Malik and Mr. Navaaz, resident in India, are the persons who have been authorised by Druk Software Company Inc. to accept on behalf of the company service of process, notices or other documents required to be served on Druk Software Company Inc. In relation to the company's establishment, you are required to enlighten the Druk Company Inc. with respect to whose, a declaration will be required to be submitted to the Registrar of Companies by Druk Software Company Inc. for not being convicted or debarred from formation of companies in or outside India. **(1 Mark)**
- Mr. Arun, Mr. Ranveer, Mr. Ramesh Malik, Mr. Navaaz and Ms. Lavina
 - Mr. Arun, Mr. Ramesh Malik, Mr. Navaaz and Ms. Lavina
 - Mr. Ramesh Malik and Mr. Navaaz
 - Mr. Arun, Mr. Ranveer, Mr. Ramesh Malik and Mr. Navaaz

9. The instrument creating a charge or modification thereon shall be preserved for a period of _____ years from the date of satisfaction of charge by company. **(1 Mark)**
- (a) 5
 - (b) 7
 - (c) 8
 - (d) 15
10. Shreya is a director of Shree Limited. She intends to participate in the board meeting through video conferencing and has intimated the same to the chairperson at the beginning of calendar year. Advise, Shreya for how long such declaration shall be valid. **(1 Mark)**
- (a) 1 month
 - (b) 6 month
 - (c) 1 year
 - (d) She has to furnish declaration for each meeting separately
11. What among the following could be considered in the term 'Immovable Property' as defined under section 3(26) of the General Clauses Act, 1897? **(2 Mark)**
- (i) The soil for making bricks
 - (ii) Right to catch fish
 - (iii) Right to drain water
 - (iv) Doors and Windows of the house
- (a) Only (i) and (iv)
 - (b) Only (i), (ii) and (iv)
 - (c) Only (i) and (ii)
 - (d) Only (ii), (iii) and (iv)
12. The Annual General Meeting (AGM) of Green Limited was held on 31.8.2022. Suppose the Chairman of the company after two days of AGM went abroad for next 31 days. Due to the unavailability of the Chairman, within time period prescribed for submission of copy of report of AGM with the registrar, the report as required was signed by two Directors of the company, of which one was additional Director of the company. Comment on the signing of this report of AGM. **(2 Marks)**
- (a) Yes, the signing is in order as the report can be signed by any director in the absence of Chairman.
 - (b) No, the signing is not in order as only the Chairman is authorised to sign the report
 - (c) Yes, the signing is in order, as in the absence of Chairman at least two directors should sign the report.
 - (d) No, the signing is not in order, since in case the Chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director, if there is one and company secretary of the company.

13. Yellow Limited's General Meetings are held at its registered office situated in Kochi. The minute book of General meetings of Yellow Limited will be kept at: **(1 Mark)**
- (a) That place where members of Yellow Limited will decide.
 - (b) That place where all employees of Yellow Limited will decide.
 - (c) Registered office of the company Yellow Limited.
 - (d) That place where senior officials of Yellow Limited will decide.
14. Red Limited is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order. **(1 Mark)**
- (a) Four years from the financial year in which the latest entry is made in the Register.
 - (b) Six years from the financial year in which the latest entry is made in the Register.
 - (c) Eight years from the financial year in which the latest entry is made in the Register.
 - (d) Ten years from the latest date of entry.
15. During the half year ended September 2021, the board of directors (BOD) of New Era Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended on March 2019. Further during the year ended March 2022, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2021. You are required to state the validity of the acts of the Board of directors. **(2 Marks)**
- (a) The act of the BOD is valid only to the extent of application made for revisions in accounts as board's report are not eligible for revision.
 - (b) The act of the BOD is valid as application made for revision in the accounts and board's report pertains to two different financial year.
 - (c) The act of the BOD is invalid as the law provides for only one time application to be made in a financial year for revision of accounts and boards report.
 - (d) The act of the BOD is invalid as to the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2022. The application made for revision in the Board report is however valid in law.
16. One Person Company shall file a copy of the duly adopted financial statements to the Registrar in: **(1 Mark)**
- (a) 30 days of the date of meeting in which it was adopted.
 - (b) 90 days of the date of meeting in which it was adopted.
 - (c) 90 days from the closure of the financial year.
 - (d) 180 days from the closure of the financial year.
17. The AGM shall be called by giving 21 clear days' notice. However, it can be called by giving shorter notice if members entitled to vote at that meeting give their consent in writing or by electronic mode. In such cases how many members have to give their consent? **(1 Mark)**
- (a) 75% of members entitled
 - (b) 90% of members entitled
 - (c) 91% of members entitled
 - (d) 95% of members entitled

18. Every company shall pay a penal rate of interest of _____ per annum for the overdue period in case of deposits, whether secured or unsecured, matured and claimed but remaining unpaid: **(1 Mark)**
- (a) 9%
 - (b) 14%
 - (c) 18%
 - (d) 24%
19. Pick the odd one out of the following aids to interpretation: **(1 Mark)**
- (a) Preamble
 - (b) Marginal Notes
 - (c) Proviso
 - (d) Usage
20. _____ is the cardinal rule of construction that words, sentences and phrases of a statute should be read in their ordinary, natural and grammatical meaning so that they may have effect in their widest amplitude. **(1 Mark)**
- (a) Rule of Literal Construction
 - (b) Rule of Harmonious Construction
 - (c) Rule of Beneficial Construction
 - (d) Rule of Exceptional Construction
21. _____ means that when two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense. **(1 Mark)**
- (a) Noscitur a Sociis
 - (b) Contemporanea Expositio
 - (c) prima facie
 - (d) absoluta sententia expositore non indiget

DIVISION B**(70 Marks)****SUBJECTIVE QUESTIONS**

Note: Question no. 1 is compulsory. Answer any three questions from the rest.

Question 1 (a)

The Annual General Meeting of ABC Bakers Limited held on 30 th May, 2022, declared a dividend at the rate of 30% payable on its paid-up equity share capital as recommended by Board of Directors. However, the Company was unable to post the dividend warrant to Mr. Ranjan, an equity shareholder, up to 25th July, 2022. Mr. Ranjan filed a suit against the Company for the payment of dividend along with interest at the rate of 20 percent per annum for the period of default. Decide in the light of provisions of the Companies Act, 2013, whether Mr. Ranjan would succeed? Also, state the directors' liability in this regard under the Act. **(6 Marks)**

Question 1 (b)

Octagon Limited is holding 58% of the paid up share capital of Pentagon Limited. Vijay, one of the shareholders of Octagon Limited, holding 10% shares of the company, has made a charitable trust. He donated his 10% shareholding in Octagon Limited and ₹ 20 crore to the trust. He appointed Pentagon Limited as the trustee. All the assets of the trust are held in the name of Pentagon Limited.

As per the provisions of the Companies Act, 2013, decide whether Pentagon Limited can hold shares of Octagon Limited. **(6 Marks)**

Question 1 (c)

The Governments of Tamil Nadu and Andhra Pradesh collectively hold 60% of the paid-up Equity Share Capital of Orange Limited. The audited financial statements of Orange Limited for the financial year 2022-23 were presented at its Annual General Meeting convened on 17th August, 2023. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. Therefore, the company did not file its financial statements with the Registrar of Companies. Afterwards, on receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 20th September, 2023 whereat the accounts were adopted. Thereafter, Orange Limited filed its financial statements relevant to the financial year 2022-23 with the Registrar of Companies on 29th September, 2023.

Examine, with reference to the applicable provisions of the Companies Act, 2013, whether, Orange Limited has complied with the statutory requirement regarding filing of accounts with the Registrar. **(4 Marks)**

Question 1 (d)

Fine Publishers, registered in Tokyo, began operating in India during the financial year 2009. The company has duly submitted all necessary documents to the registrar within the specified due date. On 1st March, 2023, Fine Publishers has shifted its principal office in Tokyo. Is Fine Publishers required to undertake any steps due to change in address of principal office. Give your answer in reference to the provisions of the Companies Act, 2013. **(3 Marks)**

Question 2 (a)

The Articles of Association of ABC Limited require the personal presence of 7 members to constitute quorum of General Meetings. The company has 870 members as on the date of meeting. The following persons were present in the extra-ordinary meeting to consider the appointment of Managing Director:

- (i) A, the representative of Governor of Karnataka.
- (ii) B and C, shareholders of preference shares,

(iii) D, representing Green Limited and Blue Limited

(iv) E, F, G and H as proxies of shareholders.

Can it be said that the quorum was present in the meeting?

(6 Marks)

Question 2 (b)

The Companies Act, 2013, prescribes certain classes of unlisted public companies to appoint internal auditor. Enumerate such unlisted public companies that are required to appoint internal auditor. **(4 Marks)**

Question 2 (c)

Mohit is a creditor of ABC LLP. He has a claim of ₹ 10,00,000 against the LLP. However, the assets of the LLP are valued at only ₹ 7,00,000. Now, Mohit seeks to hold the partners of the LLP personally accountable for the shortfall of ₹ 3,00,000. Under the provisions of the Limited Liability Act, 2008, can Mohit demand for the deficit from the partners of ABC LLP? **(4 Marks)**

Question 2 (d)

Yogveer Singh has a mango orchard at Manchanga Village, Bilaspur. The orchard has more than one hundred Mango trees. Yogveer Singh has sold orchard along with all the mango trees. Explain, in the lights of provisions of the General Clauses Act 1897, whether the sale of trees will be considered as sale of Immovable Property? **(3 Marks)**

Question 3 (a)

Explain the provisions of the Companies Act, 2013 relating to the 'Service of Documents' on a company and the members of the company? **(5 Marks)**

Question 3 (b)

Gizmo Limited was incorporated in 1990 in the town of Alwar. Its main business is manufacturing high quality bangles. It is in the process of appointing statutory auditors for the financial year 2021 - 22. Advise whether the following persons are qualified to be appointed as statutory auditor of the Gizmo Limited:

(1) Priyansh, a qualified chartered accountant, is an employee of Gizmo Limited.

(2) Vinod is a practicing Chartered Accountant indebted to Gizmo Limited for rupees 2 lakh. **(5 Marks)**

Question 3 (c)

What does the principle of "reading the statute as a whole" imply in the interpretation of statutes? Explain with the help of an example. **(4 Marks)**

Question 3 (d)

Explain the principles of "Grammatical Interpretation" and "Logical Interpretation" of a Statute. **(3 Marks)**

Question 4 (a)

The persons (not being members) dealing with the company are always protected by the doctrine of indoor management. Explain. **(6 Marks)**

Question 4 (b)

Sasha Private Limited received ₹ 3,00,000 from one of the relatives of a Director. The said relative has furnished a declaration that the amount was received by him from his mother as a gift. Decide as per the relevant provisions of the Companies Act, 2013, whether the said amount received by the company will be considered as deposits or not. **(4 Marks)**

Question 4 (c)

Mr. Sridhar has issued a promissory note of ₹1000 to Mr. Mohan on 17th May 2022 payable 3 months after date. After that, a sudden holiday was declared on 20th August 2022 due to Moharram. As per the provisions of the General Clauses Act 1897, what should be the date of presentment of promissory note for payment? Whether it should be 19th August 2022 or 21st August 2022? **(4 Marks)**

Question 4 (d)

Enumerate when does the rule of Ejusdem Generis apply. **(3 Marks)**

Question 5 (a)

Yuvan Limited is a public company incorporated in Pune. The Board of Directors (BOD) of the company wants to bring a public issue of 1,00,000 equity shares of ₹ 10 each. The BOD has appointed an underwriter for this issue for ensuring the minimum subscription of the issue. The underwriter advised the BOD that due to current economic situation of the Country it would be better if the company offers these shares at a discount of ₹ 1 per share to ensure full subscription of this public issue. The Board of Directors agreed to the suggestion of underwriter and offered the shares at a discount of ₹ 1 per share. The issue was fully subscribed and the shares were allotted to the applicants in due course.

- (1) Decide whether the advise of underwriter to issue of shares as mentioned above is valid as per provisions of the Companies Act, 2013.
- (2) What would be your answer in the above case if the shares are issued to employees as Sweat equity shares? **(5 Marks)**

Question 5 (b)

Bows Limited is required to create a charge on one of its assets. However, the above charge could not be registered within the required period of 30 days. State the provisions related to extension of time and procedure for registration of charges, in case when the charge was not registered within 30 days of its creation. **(5 Marks)**

Question 5 (c)

Mr. Shivesh, an Indian National desires to obtain Foreign Exchange for the following purposes:

- (i) Remittance of US Dollar 50,000 out of winnings on a lottery ticket.
- (ii) US Dollar 100,000 for sending a cultural troupe on a tour of U.S.A.

Advise him whether he can get Foreign Exchange and if so, under what conditions? **(4 Marks)**

Question 5 (d)

“Associate words to be understood in common sense manner.” Explain this statement with reference to rules of interpretation of statutes. **(3 Marks)**

SPACE FOR ROUGH WORK