

FINAL EXAMINATION

June 2026

P-13(CEL)
Syllabus 2022

CORPORATE LAWS AND ECONOMIC LAWS

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks. Wherever 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

Case study

ABC Ltd., incorporated in Mumbai, with the object of manufacturing pharmaceutical products, faced the following issues:

- One director, Mr. X, entered into a contract on behalf of the company to invest in real estate, which was not covered under the objects clause of the Memorandum of Association.
- Mr. X also borrowed ₹ 50 lakh from a bank in company's name without obtaining the required Board approval as per the Articles of Association. The bank had no knowledge of this internal restriction.
- During the issue of prospectus, the company falsely stated that it had secured government approval for a new drug, inducing investors to subscribe for shares.
- Minority shareholders holding 12% alleged that majority shareholders were diverting company funds for personal use and approached the Tribunal.

Bases on above facts, answer the following MCQs (i) to (iv) :

- (i) What is the validity of the real estate contract entered into by Mr. X?
- (A) Valid
 - (B) Voidable
 - (C) Void ab initio
 - (D) Valid if ratified
- (ii) Is the company liable to repay the ₹ 50 lakh loan taken by Mr. X?
- (A) No, due to lack of Board approval
 - (B) Yes, under the doctrine of indoor management
 - (C) Only Mr. X is liable
 - (D) Loan is void

- (iii) What is the liability for misstatement in the prospectus?
- (A) No liability
 - (B) Only civil liability
 - (C) Civil and criminal liability on company officers
 - (D) Only refund to investors
- (iv) Can minority shareholders (12%) apply for relief against oppression?
- (A) No, minimum 25% required
 - (B) Yes, directly under Section 241 of the Companies Act, 2013
 - (C) Yes, with Tribunal's permission under Section 244 of the Companies Act, 2013
 - (D) Only through civil court

Independent MCQs:

- (v) A statutory auditor of a company shall be:
- (A) An Associate Company Secretary (ACS)
 - (B) A Cost and Management Accountant (CMA)
 - (C) A Practising Chartered Accountant (CA)
 - (D) Any of the above
- (vi) In normal course, the Board's Report is signed by:
- (A) Chairman without authority of the Board
 - (B) Chairman with authority of the Board
 - (C) Managing Director (MD)
 - (D) Any Director
- (vii) Under the Insolvency and Bankruptcy Code, 2016, where extension of time is requested, the Corporate Insolvency Resolution Process (CIRP) must be completed within:
- (A) 120 days
 - (B) 180 days
 - (C) 240 days
 - (D) 270 days

(viii) Clause 49A, which was the first major compliance requirement of Corporate Governance for listed companies, was based on the recommendations of:

- (A) Narayan Murthy Committee
- (B) Kumar Mangalam Birla Committee
- (C) Kotak Committee
- (D) Rahul Bajaj Committee

(ix) Which of the following would **not** amount to a sustainable development activity?

- (A) Rain water harvesting
- (B) Solar energy
- (C) Paddy cultivation
- (D) Plantation of saplings for afforestation

(x) A process undertaken to elicit demand and assess the price for determination of the quantum or value of specified securities is known as:

- (A) Lock-in securities
- (B) Promoters' contribution
- (C) Book building
- (D) Indian Depository Receipts

(xi) With respect to the restrictions on communication and trading by insiders under SEBI (Prohibition of Insider Trading) Regulations, 2015 which of the following is correct?

- (A) Insiders may freely share unpublished price sensitive information (UPSI) with family members
- (B) UPSI may be communicated only for legitimate purposes, performance of duties, or legal obligations
- (C) UPSI can be shared with auditors without any restriction
- (D) UPSI can be disclosed after the Board's approval without conditions

- (xii) Takeover of one company by another company operating in totally different industries is known as:
- (A) Conglomerate takeover
 - (B) Friendly takeover
 - (C) Hostile takeover
 - (D) Horizontal takeover
- (xiii) Under Section 6 of the Banking Regulation Act, 1949, a banking company may engage in which of the following activities in addition to the business of banking?
- (A) Acting as an agent for Government or local authority
 - (B) Undertaking and executing trusts
 - (C) Managing, selling, and realizing property received in satisfaction of claims
 - (D) All of the above
- (xiv) If a unit has investment in plant and equipment of ₹ 130 crores and turnover of ₹ 510 crores, how will it be classified under the MSME framework?
- (A) Micro enterprise
 - (B) Small enterprise
 - (C) Medium enterprise
 - (D) None of the above
- (xv) Under the Information Technology Act, 2000, which of the following constitutes a cyber crime offence relating to unauthorized access?
- (A) Tampering with computer source documents (Sec. 65)
 - (B) Hacking with computer systems and data alteration (Sec. 66)
 - (C) Breach of confidentiality and privacy (Sec. 72)
 - (D) All of the above

SECTION B

Answer any five questions from Questions 2 to 8.

Each question carries 14 marks

2. (a) Explain the statutory provisions relating to **declaration and payment of dividend** under the **Companies Act, 2013**. 7
- (b) Critically examine the restrictions and compliance requirements relating to **holding office in more than one company** by a Key Managerial Personnel (KMP) under Section 203 of the Companies Act, 2013. **Illustrate** with an example. 7
3. (a) Mr. R, a shareholder of **Alpha Ltd.**, submits a notice **proposing the appointment of Ms. S as a director** who shall not be liable to retire by rotation. Along with the notice, he deposits ₹ 1,00,000 with the company.
- Examine the validity of this proposal in the following situations: 7
- (i) Alpha Ltd. is a **Government company**, and the Government has been duly informed of the proposal.
- (ii) The **Articles of Association** of Alpha Ltd. stipulate that directors are to be **elected by ballot**.
- (iii) The company issues notice of the candidature **only in a regional vernacular newspaper**, seven days prior to the general meeting.
- (b) A public company is required to appoint its statutory auditor at the Annual General Meeting (AGM). In this context, discuss the following aspects: 7
- (i) **Outline the procedure** for appointment of the **first auditor** and for **subsequent auditors**.
- (ii) **Explain the tenure of auditors** and the statutory provisions relating to **rotation of auditors**.
- (iii) Identify the **disqualifications** for appointment as auditor under Section 141 of the Companies Act, 2013.

4. (a) **Explain** the statutory provisions under the Companies Act, 2013 relating to **conversion of a private company into a public company. Outline the procedural requirements**, including alteration of Articles, filing with the Registrar, and compliance with prescribed rules. 7
- (b) **Discuss** the statutory provisions under the Companies Act, 2013 relating to **compromise and arrangements** with special reference to **procedure for approval, the role of the Tribunal**, and the **requirements for filing and implementation** of such schemes. 7
5. (a) Discuss the statutory provisions under the **Companies Act, 2013** relating to the preparation and contents of the **Board's Report** with special emphasis on **authentication of financial statements and filing with the Registrar**. 7
- (b) A company, ABC Ltd., defaulted on repayment of a large debt to its financial creditors. The creditors filed an application before the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016.
- Required:**
- Discuss the statutory provisions relating to initiation of the **Corporate Insolvency Resolution Process (CIRP)** under the IBC, 2016 with special reference to the role of the Tribunal, the duties of the Resolution Professional, and the process of approval and implementation of a resolution plan. 7
6. (a) Corporate Social Responsibility (CSR) is a crucial component of modern corporate sustainability. Discuss the statutory applicability criteria for constituting a **CSR Committee** under Section 135 of the Companies Act, 2013. Furthermore, outline **any four core functions** or duties that the CSR Committee is mandated to perform once constituted. 7
- (b) Cyber fraud and cyber crimes pose significant risks in the digital era. With reference to the **Information Technology Act, 2000**, discuss the **statutory provisions** dealing with offences such as identity theft and cheating by personation. Also explain the **role of adjudicating authorities** and outline the **penalties** prescribed for such offences. 7
7. (a) Explain the provisions of the **SEBI (Prohibition of Insider Trading) Regulations, 2015** relating to **prohibition on communication of unpublished price sensitive information (UPSI)** and trading by insiders. 7
- (b) Explain the regulatory framework governing Foreign Direct Investment (**FDI in India**) under the Foreign Exchange Management Act (**FEMA**), 1999 with special emphasis on the **routes of investment, sectoral caps, and reporting requirements** applicable to Indian companies receiving FDI. 7

8. (a) Explain the **objectives and key provisions** of the **Competition Act, 2002**. Also discuss the **role of the Competition Commission of India (CCI)** in preventing anti-competitive agreements and abuse of dominant position. 7
- (b) Explain the objectives and **key provisions** of the **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002)** relating to **Applicability and Enforcement of Security Interest**. Also discuss the **rights available to secured creditors** and the measures they can take to enforce security interests without court intervention. 7
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