

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 11

NOTE : Answer ALL Questions.

PART–A

1. (a) MEDCO Ltd. was incorporated on 20th March, 2023, as a public limited company with the main objective to provide the consultancy services to businesses in Medical Sector, including supply of medical professional through outsourcing. The Board of Directors in its meeting held on 16th June, 2024 approved the proposal to change the main object to start medical service with nominal charges by setting up hospitals, health centres and medical institutions for charitable purposes in interest of general public. The members of the Company also approved the proposal and accordingly application for conversion of the company into section 8 company is prepared. However, legal consultant opined that company must be running the business at least for 3 years prior to such application.

Comment on following :

- (1) Whether the view of legal consultant is correct as per the provisions of the Companies Act ?
- (2) What additional matters to be considered by Registrar of the Companies, in case of conversion of the existing company into section 8 Company, as per MCA Notification no. G.S.R. 42(E) dated January 19, 2023.

(5 marks)

- (b) Micro India Ltd. is in Mobile Manufacturing business, incorporated under the Companies Act. The Company has agreement with Chinese Company for technology support as well as supply of major parts of mobile which are assembled in India. Under this treaty, there is a clause, where the Indian Company needs to setup a business in Hong Kong, China to setup production unit of Mobile Chipset as well as manufacturing of Display Panel.

Describe the procedure for incorporation of Company in Hong Kong (China).

(5 marks)

- (c) ABC Motor Ltd. is the largest company in India for manufacturing of 4 wheelers' vehicles in automobile sector. The turnover of the Company for the Financial Year 2023-24 was ₹ 68,000 Crore, whereas the net profit margin (after tax) was 9.3%. The Management has decided to setup more plants in European Pacific. Accordingly, Director (Projects) proposed for foreign Joint Venture in Germany.

During the critical analysis of the proposal, you being company secretary of the Company, was asked to prepare a note on disadvantage of foreign Joint Venture.

(5 marks)

- (d) Lueara is a brand under Natural Pink Cosmetic Ltd., an Indian startup for production of beauty items including lipstick, makeup kits, bride makeup essentials etc. The Company was incorporated on 12th September, 2022. There is huge demand of the brand in India, as well as, in International Market. For expansion of the business various methods of the financing are being considered, including Equity Financing and Debt Financing.

Highlight the difference between the both of financing options.

(5 marks)

Attempt all parts of either Q. No. 2 or Q. No. 2A

2. (a) After failure of the India's largest Housing Finance Company in private sector, with the directions of RBI, an Asset Reconstruction Company (ARC) was incorporated, as an NBFC, to take over the assets and NPAs of the Housing Finance Company. What are the benefits of incorporating an ARC ?
- (4 marks)
- (b) "Rule 39 of the Companies (Incorporation) Rules, 2014, stipulates the detailed provision for conversion of Company Limited by Guarantee into a Company Limited by Shares." In view of the above statement, highlight the procedure for such conversion.
- (4 marks)
- (c) "Managerial Ability and Managerial Needs, are two different but most important factors to decide a suitable form of organization." Comment.
- (4 marks)
- (d) ABC was incorporated as Nidhi Company in year 2001. Since inception of the Company, it operates only through its single head office situated in Hyderabad. In the Meeting of the Members, few members residing in Mumbai, proposed that branch office of the Company be opened in territory of Maharashtra. However, there are no objection from other members as the majority of them had already relocated in different part of the nation.

: 4 :

In view of such situation, whether proposal of opening of branch office can be implemented. Answer with the applicable provisions of the law.

(4 marks)

- (e) To minimize the legal compliances, Companies, which are not operating any business activity, are applying for status of Dormant.

What are the important points to be kept in mind while applying for getting status of Dormant.

(4 marks)

OR (Alternative question to Q. No. 2)

- 2A. (i) FGR Ltd. was incorporated on 3rd March 1959, with Authorised Capital of ₹ 15 Lakh (divided into 1 lakh equity share of ₹ 15 each). Since the inception, authorised capital was increased from time to time and as on date the Authorised Capital of the Company is ₹ 90 Crore (6 Crore equity share of ₹ 15 each). The paid-up capital of the Company is ₹ 60 Crore (divided into 4 Crore equity share of ₹ 15 each)

The Company is planning for an IPO. As advised by the legal consultant, the Company needs to alter its capital clause.

Prepare a note on types of alteration of capital clause in Memorandum and Articles of Association.

(4 marks)

: 5 :

- (ii) M and R are good friends since childhood. After completion of graduation in engineering, both have completed their MBA from renowned business institution. M advised that they may start their own business of instant coffee chain shops. Per stall will have a capital investment of ₹ 5,000 only, whereas the price of milk-made coffee may be fixed at ₹ 10 per cup only, to attract the customers at large. However, there will be net margin of ₹ 1.5 per cup.

During the consideration of business form of LLP, R wants to get information about rights of partners. Prepare a note on rights of Partners in LLP.

(4 marks)

- (iii) Karorimal is renowned businessman for making the Khakhra—ready to eat. The business was started in 1962 and same is being run by family members only, since last many decades. At present, Karorimal has 5 sons and all are married. Each son has two kids who are also young and participating in business activities.

Being family business, Karorimal approach the Practicing Company Secretary for getting information about the Hindu Undivided Family (HUF).

State the key highlights of HUF.

(4 marks)

- (iv) What are the exemptions available to a Trust under section 12 of the Income Tax Act, 1961 ?

(4 marks)

- (v) Define the term “Start Up”. What are the provisions in the Companies Act, with respect to issue of sweat equity shares by Start Up Companies ?

(4 marks)

PART-B

3. (a) FamousX India Pvt. Ltd. is seeking protection for its trademark “FAMOUSX” and a declaration that this mark, along with its variations such as “FAMOUSX BHUJIAWALA,” qualifies as a “well-known” mark under Section 2(1)(zg) of the Trade Marks Act, 1999 (Act). The company is also pursuing a permanent injunction to prevent the FamousX Restro Pvt. Ltd., from using the marks “FAMOUSX” or “FAMOUSX BHUJIAWALA,” or any other marks that are deceptively similar to the “FAMOUSX” mark. The FamousX India Pvt. Ltd highlights that the core elements of their labels, including the registered “FAMOUSX” mark and the “FX” logo within a red oval, are prominently featured on their packaging and trade dress. Additionally, the FamousX India Pvt. Ltd. contends that the color schemes themselves function as distinct trade dresses.

Explain the legal grounds for FamousX India Pvt. Ltd.’s claim for protection and the criteria for a mark to be recognized as “well-known” under the Act ? What defences may be available to FamousX Restro Pvt. Ltd. Explain.

(5 marks)

- (b) X, who works for a civil construction company, was injured due to his own negligence while operating a lift to move construction materials to second floor. Does this incident qualify as an “employment injury” under the ESI Act, 1948.

(5 marks)

- (c) What are the various compliances under Public Liability Insurance Act, 1991 ?

(5 marks)

: 7 :

- (d) “Dinesh Chhole Bhatoore wala” is a famous shop for selling tasty Chhole Bhatoore. Daily cash collection of the shop is more than ₹ 20,000. Dinesh runs the brand under a Company with name of DCB Pvt Ltd. To comply with various laws, management of the company appoints you as compliance officer. Being Compliance Officer, how will you take care of following records :
- (i) Income Records
 - (ii) Cash Records.

(5 marks)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (a) Answer the following :
- (i) Person liable for Compulsory Registration under GST
 - (ii) Persons not liable to register under GST.
- (b) Whether a shopkeeper, having very small business, also needs to get registration for its shop ? What provisions of the law are applicable ?
- (c) Describe various schemes with respect to Social Security, Health, Rehabilitation and Recreation for a person with disability.
- (d) A tyre factory was setup near residential area by violating various environmental laws. The villagers are facing health issues due to such factory. The hot melt rubber was spread over in a farm and a young boy was injured. The Villager wanted to file the suit in NGT. Can a person himself file the suit with NGT against any injury due to hazardous substances ?
- (e) No adolescent shall be employed or permitted to work in any of the hazardous occupations or processes. What are such occupations or processes ?

(3 marks each)

OR (Alternative question to Q. No. 4)

- 4A. (i) What are the protections available to an author under the Copyright Act, 1957 ?
- (ii) Divya-Jyoti Sansthan is a registered Company under section 8 of the Companies Act, 2013, to operate eye hospital in various places of India for charitable purpose. The Sansthan received an offer of huge grant/donation from Madela Foundation, USA, for techno-oriented medical services in India with better quality.
- What are the conditions under FCRA, 2010, with respect to acceptance of foreign grant/donation ?
- (iii) In the Financial Year 2023-24, Z Systems Ltd., a company governed by the Payment of Bonus Act, 1965, incurred significant losses and reported a negative net profit in its financial statements. The Board of Directors decided not to pay any bonus to its employees. The employees then took the matter to court seeking relief. Considering this situation, will the employees succeed in their claim for bonus.
- (iv) Under what circumstances, registration of a Trade Union may be cancelled ?
- (v) Every factory shall provide measures for health, safety and welfare of workers under the provision of Factories Act, 1948, which inter-alia includes Spittoons, Latrines and urinals. Explain.

(3 marks each)

PART–C

5. (a) EVG Ltd. was incorporated on 5th October, 2019, with main objective to manufacture the Lithium Power Batteries. The securities of Company are listed on Bombay Stock Exchange under SME Category. Due to restriction on the import of raw material, there is no business activity since previous 2 financial years. The Company is debt free Company and facing no pending inquiries. Also, there is no statutory dues pending for payment. The Management seeks to apply for dormant company status under the provisions of the Companies Act, 2013. Given these circumstances, highlight the relevant legal provisions to apply for dormant status.

(3 marks)

- (b) ‘Strike off provisions gives a choice or an option to non-working companies to remove its name from the Register of Companies. There are many companies which are registered with ROC but due to various reasons they are not operative. The strike off provisions gives an option to such companies to apply to ROC for removal of their name from the Register of Companies.’

In light of above statement and applicable provisions of the Law, which types of the Companies cannot be removed under section 248(1) and (2) of the Companies Act, 2013 ?

(3 marks)

- (c) Explain the grounds for winding up of a company by the National Company Law Tribunal (NCLT).

(3 marks)

- (d) RC & TC LLP was incorporated on 8th May, 2022, with 5 partners. All partners are qualified professionals and have identified profit sharing in the partnership. One of the partners, by forged signature, applied for striking off the name of LLP, without informing any other partner. He was an active partner and looking after all compliances with statutory authorities.

RoC inadvertently removed the name of the LLP. One of the partners was informed by his friend about such action by RoC.

The other partners now want to restore the name of RC & TC LLP with jurisdictional RoC. What are the steps to be taken ?

(3 marks)

- (e) Prepare a brief note on Companies (Winding up) Rules, 2020, notified by MCA.

(3 marks)

6. (a) InnoTrans Ltd. is seeking to commence a voluntary liquidation process. A declaration on affidavit was provided by one of the company's directors, confirming that a thorough review of the company's financial affairs has been completed. However, the affidavit does not include a declaration of solvency. Evaluate whether InnoTrans Ltd. can proceed with voluntary liquidation under the Insolvency and Bankruptcy Code, 2016, in this scenario. Additionally, list the required documents that must accompany the declaration for initiating voluntary liquidation.

(5 marks)

- (b) XYZ Industries Ltd. is undergoing a corporate insolvency resolution process (CIRP). The Resolution Professional (RP) needs to comply with the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017. What are the key steps and timelines that the RP must adhere to under these regulations to ensure compliance with the CIRP ?

(5 marks)

_____ o _____