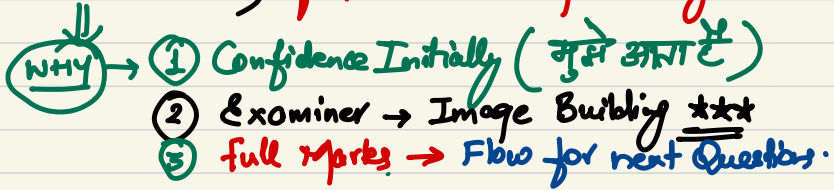


How to present Theory answers: 80+ 70+

- ① Pick your favourite Question (Question in which you can score maximum) first and start presenting.



- ② Write Q 6/5 → In centre of copy [follow always]

- ③ Every Answer should be presented with proper spacing. [Do not start answer from extreme left] AND [Do not take answer point to extreme right]
- Writing शुरू है अंत है!!

④ flow Depend Type of Question

Direct Question

- ① 5 points.
- ② 5 Reasons.

Old class 12th Method
Each point Method -

Ex: The following are the reasons.

- (1)
- (2)
- (3)
- (4)

Case study Based

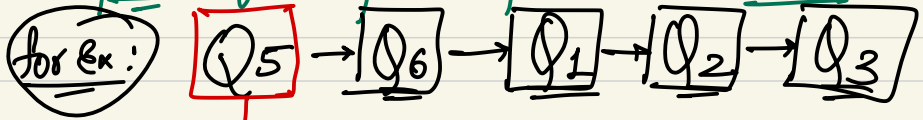
- (1) Section: No. Question
Only when you are sure of section No.
- (2) fact of the case :
- (3) Conclusion.

NOTES : (1) B.COM ~~ET~~ Exam ~~में है!!~~

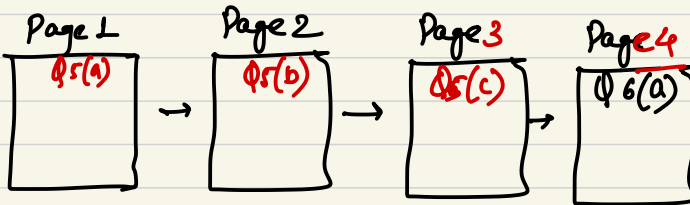
- ② Answer: Must be Question Based
No need to go in detail of full section

⑤ Every Answer must start from New page.

you can follow your sequence in Questions



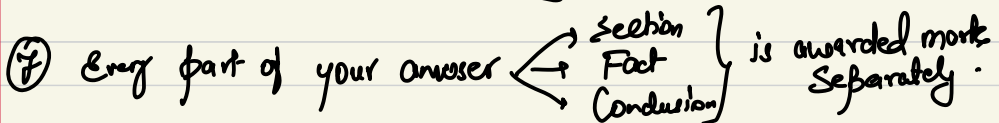
If you pick Q5 first → Attempt all parts of Q5 and then move to Q6.



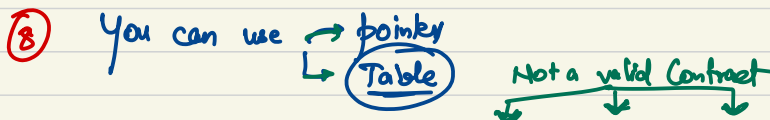
⑥ Special sentence / Limits / points : Put in Bracket

→ want Examiner attention! Help him check our answersheet fast....

for Ex: As per section 18 of _____ Act, he is not guilty.

⑦ Every part of your answer  is awarded marks Separately.

→ Do not fear, play is Top Gear.....

⑧ You can use 

⑨ Pen: Black Ball Pen [4-5 Pen carry]

⑩ Do not Buy New pen on Exam Day [Old pen: Speed M]
Use stickies.

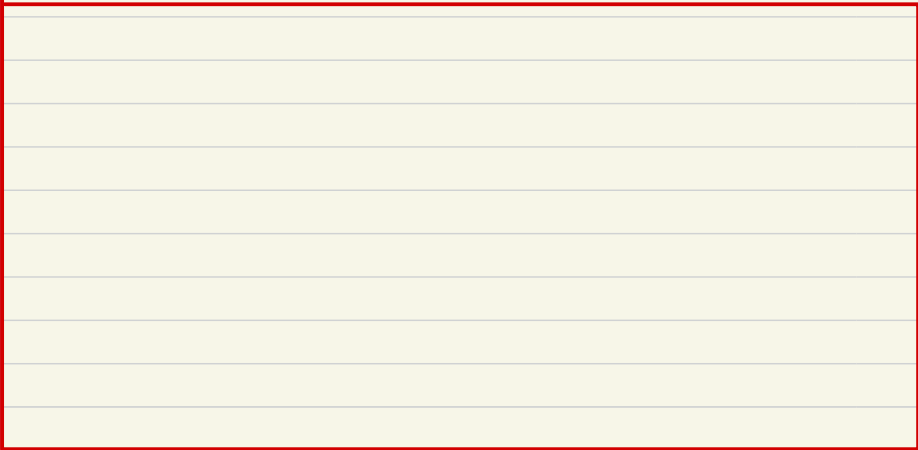
(11) NO जय राम, ॐ, X X X

०९

Ans

As per
no.

section





The Institute of Chartered Accountants of India

CA Final

8 weeks → 6 Subjects → 65+

Code: FN4CE522373
Subject: Corporate and Economic Laws

Total Marks: 70
Marks Obtained: 43
+ MCQ

Number of Answer Books used : Main + ~~.....~~ additional sheets

For use by ICAI only

522373



Q.No.	To be ticked (✓) by the candidate against the questions answered	Marks Awarded (To be filled by Examiner)					Total
		a	b	c	d	e	
1	✓						
2	✓						
3							
4	✓						
5	✓						
6	✓						
7							
8							
9							
10							
11							
12							
13							
14							
Total							

→ Write tick Only on Questions attempted.
↓
finish full paper Then Tick.

27 NOV 2020



Use only Blue / Black Ball Point Pen to write and shade the circles. **AVOID RED PEN.** Write the marks in the boxes before shading the respective circles.

Total Marks awarded

00

0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9

Total Marks awarded (in words) _____

Examiner's Signature _____



The Institute of Chartered Accountants of India

Code: FN4CE522373
 Subject: Corporate and Economic Laws

Total Marks: 70
 Marks Obtained: 43

10 Q6

Q6(a)

2.5 6a

Section No

As per section 165 of companies act 2013 contained in chapter XI of companies act.

Max. no. of directors can be only 20.
 [Subject to 10 in case of Public companies.]

In case director contravene such limit of maximum directorship he/she would be disqualified

Factor
the case

[u/s 164 and u/s 167] and need to vacate their position of companies act.

In above case, Mr. R is already a director of 10 public companies, she can only take directorship in further public companies, when she resigns from this 10 companies.

2 Conclusion

Considering Mr. R would not resign is this 10 public co, her appointment is not valid in companies act. Need to vacate u/s 167 due to disqualification u/s 164

0.5 6aStep2

(ii) As per section 178 Nomination & Remuneration committee. can propose remuneration to directors which is based on various factors such as motivation, market demand, qualification etc.

In case above NRC can enhance remuneration of Ms R, even if company is in loss.
 It is valid



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3.5



Q 6(b)

As per section 151 of companies act, 2013 small shareholder directors can nominate on the board for appointment of a small shareholder director.

2.5

Step 1

Minimum Requirement: Application from

1000 Small Shareholder

OR

however

1/10 of small shareholder

1

Step 2

→ Small Shareholder & Minimum face value is less than equal to ₹ 20,000.

In the above case,
no. of small shareholders proposed are less than 1000, however they are more than 1/10 of total shareholders
ie. $800 \times \frac{1}{10} = 80$ shareholders.

∴ Appointment proposal by 82 shareholders is valid subject to it comply with other conditions of section 151, 149, 152, 164 of companies act.



→ Compliance

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5

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Q6(c)

As per provisions of Prevention of Money Laundering Act 2002,

If aggrieved person v/s 8 (OR) a reporting entity ~~is not satisfied~~; they can further appeal within 45d of date of order adjudicating authority / or other orders to Appellate tribunal.

Appellate tribunal may condone on just & equitable grounds for further 45d.

As from the reading of sections of PMRLA, there is no bar on insolvent person which disqualifies him for preferring appeal.

∴ Appeal could be made.

Mr. [Mr. Raja] can be file appeal to the appellate tribunal by fulfilling other requirements of act.



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3

6d



Q6 (d)

6



As per Insolvency bankruptcy code, 2016,
When the application for insolvency
resolution process is initiated / accepted by
the NCLT.

A moratorium period of not exceeding
(180d) is initiated, which is
calm and compose period where all the
legal proceedings and other activities not essential

1.5

6dStep1

are kept on hold for smooth and timely
completion of resolution process.

However in such period supply of essential
commodity / good continues, if regular payment
are made by corporate debtor to such
supplier.

(i) Moratorium period: 180d. from 15/3/2020
= 13 September 2020

(ii) Resolution professionals would not be successful
as 1st: Natural Gas is not specified to
be essential supply.

1.5

6dStep2

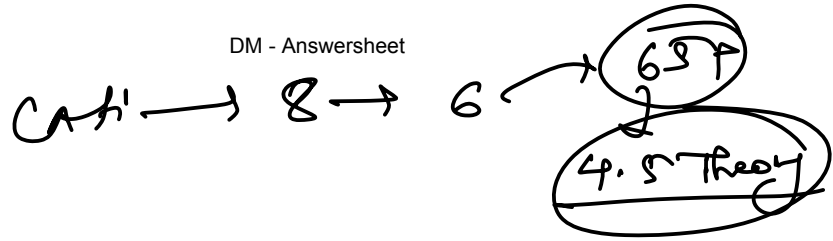
2nd: Regular payment not made by
corporate debtor to supplier.



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 Marks Obtained: 43

7

10 Q4 Q4 (a)

3.5 4a (i) for constitution of Independent and qualified committee: as per listing obligation & disclosures requirement, do it, Audit Committee ...

2 4aStep1

- (1) Min no. 3 (Members)
- (2) Independent directors $\frac{2}{3}$ of total members
- (3) Chairman: Independent director
- (4) All the members should have ability to read and understand financial statement.
 At least one → Accounting & related financial mgt. expertise.

(ii) Present committee is not in order.

- (1) Min no. of Members: 3.
 Presently there are 4, NO further requirement.
- (2) Independent directors: $\frac{2}{3}$ of total ...
 Presently none of the director is independent,
 New appointment or change in audit committee needed
 by appointing ^{out of} A/B/C/D as they are independent.
- (3) Appropriate training / course can be persuaded for fulfilling ability & read understand criteria of $\frac{2}{3}$.



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Total Marks: 70
Marks Obtained: 43

2.5

4b

Q4(b)

(i) ESE, Recognised stock Exchange can delist a security on non fulfillment of certain conditions or due to reasons listed below.

(ii)

(a) Continuing losses for continuous period of 3 years and negative Net worth.

1

4bStep1

(b) Suspension of share trading for period exceeding 6 months.

1.5

4bStep2

Directors / promoters have not submitted the correct address of place of business / registration

OR

Incorrect submissions.

(4) Infrequent trading of company on stock exchange for 3 years preceding.

(5) Company has changed the address of company in contravention of fulfilling conditions of companies act.

(6) The shareholding to be maintained as per SEBI of public is fallen below limit and not no subsequent measures taken to increase to requisite no.

(7) Violated terms / conditions / rules / provisions of listing.

Ms. Y can appeal to SAT in 15 days of being aggrieved by such delisting.

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Total Marks: 70
Marks Obtained: 43

9

2.5

4c

Q4 (c)

As per section 3 of foreign contribution and (Regulation) Act 2010, Certain persons are prohibited from receiving foreign contribution.

1.5

4cStep1

- (1) Members of Political party.
- (2) Office bearers of parliament.
- ~~(3) Government Servants.~~
- (4) Editors / Columnist / of News business.

Thus as per section 3 person working under such roles are prohibited from receiving any foreign contribution.

1

4cStep2

However as per section 4, which permit some transactions that can be entered by person prohibited under section 3.

One of the transaction is

1. Receiving of Salary, wages

Thus even if Soumak is falling under prohibited list of persons, receiving of Salary from Outside India is permitted.

o. Receipt of Salary is NOT prohibited



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Total Marks: 70
Marks Obtained: 43

10

1.5

4d

 Q4(d)

As per the provisions of Arbitration and Conciliation Act, 1996,

A dispute shall be settled through arbitration only if there is :-

(1) Clear documentation which sets out that dispute to be dealt as per arbitration.

0.5

4dStep1

(2) Documentation does not leave any confusion amongst parties to the contract.

1

4dStep2

(3) It is agreed between parties about such settlement.

Referring to be above case between Shyan and Naresh Where:

(1) For Terms of payment are decided on Email.

Further Email can be used as a clear agreement, However no such written agreement or acceptance made by parties.

Thus Contention of Shyan is not Correct. Dispute in this case cannot be settled through arbitration.



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Subject: Corporate and Economic Laws

Total Marks: 70
Marks Obtained: 43

11

Q2

2a

As per section 230 of companies act 2013 contained ~~XV~~ of act. for approval of compromise and arrangement.

for approving arrangement:

Majority of Members need to approve along with 75% of Members and creditors must approve it, who are present and voting.

After complying with all conditions listed in s 230 such.

- (i) Filing of audited financial statements
- (ii) Expert Report
- (iii) Effect on KMP / shareholders of compromise arrange.

It can be passed by 90% of Creditors of Company need to follow above conditions.



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Subject: Corporate and Economic Laws

Total Marks: 70
Marks Obtained: 43

3 2c



~~Q2(b)~~ Q2(c)

12



(c) (i) This is not a capital account transaction

ie It is a Current A/c transactions, Call

1 2cStep1

Because this transaction does not create any asset/liability for the person resident outside India and not enter for ₹ in India.

Once payment made, account settled.

(ii) This is a Current A/c transaction -

As transaction for short term credit nature are covered within the scope of current account transaction.

1 2cStep2

(iii) This is also a Current A/c transaction -

1 2cStep3

As and when funds are transferred the person resident in India does not have any asset or liability created outside India.



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Total Marks: 70
Marks Obtained: 43

2.5

2d

13



Q2(d)

(1) As per the provision of SARFAESI Act, 2002,

When there is a default made by the borrower the secured creditor shall issue on him

60 days notice for recovery of the borrowing made.

1

2dStep1

In such period debtor/borrower need to either

(1) Make payment of outstanding amount

OR

(2) Make representation in case of any dispute or disapproval from demand notice.

(i) Maximum period of 60 days for paying liability

1.5

2dStep2

(ii) If the borrower does not pay the amount / liability within specified time, secured creditor can :-

(1) Take over the management, if as per the agreement

(2) Sale, lease the part of undertaking on which security is created.

(3) Enforce Security Interest created.

(4) Appoint Receiver for managing the asset.



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Subject: Corporate and Economic Laws

Total Marks: 70
Marks Obtained: 43

14

⑤ file to eld RT application for recovery of amt. due.

Q2(d)

0.5 2b

As per the provision of section 214 of companies act, 2013

In case of share capital.

Member having

$\frac{1}{10}$ of total voting member

OR

$\frac{1}{10}$ of Issued share capital

OR

100 members

can make application of s 214 of co.

In case of Guarantee Co.

$\frac{1}{5}$ of Members

In the above case Mr. Raju holding

₹ 8 crore of Issued share capital

which is less than $\frac{1}{10}$ of total Issued capital.

he is only 1 member

$\left[\begin{array}{l} 100 \text{ cr} \\ \times \frac{1}{10} \\ = 10 \text{ cr} \end{array} \right]$

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Subject: Corporate and Economic Laws

Total Marks: 70
Marks Obtained: 43

15

Thus the required no. of percentage is not fulfilled by Mr. Raja.

6 2bStep1 Besides this not maintenance he received ₹ 10 lakh as extra amount.

0.5 2bStep2 This claim of Other Minority shareholders is valid as per companies act, 2013.



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Total Marks: 70
Marks Obtained: 43

9.5

Q5

16

2

5a

As per the provisions of companies act, 2013,

If the company on which winding up order is made had transferred within before 6 months ^{before} of winding any asset or created security for any person who is related to company undergoing winding up.

1

5aStep1

Tribunal may be order declare such transfer void and order for

1

5aStep2

- (1) Transferring such property back to the company.
- (2) Recovering benefit made by party if any.

As per the above case,

Kamath trading company before 6 months within 6 months before i.e. 20 March 2020 has transferred property to Mr. Nag interested party at lower than market price.

Tribunal order to revert back the transaction and the said property would be vested to Kamath Trading Limited.



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Total Marks: 70
Marks Obtained: 43

17

3.5

5b

Q5 (b)

As per the provisions of companies act, special court can take cognizance of offence only when there is a

Written Complaint from

Registrar	Shareholder	Person authorised by central government on this behalf
-----------	-------------	--

5bStep1

5bStep2

In the above case at the AGM, due to allegations of fraud and publishing of news against the director, there is NO written complain made by

- ↳ Registrar
- ↳ Shareholder
- ↳ Or any person authorised in this behalf

∴ Court can not take cognizance of the matter on his own without a written complaint.



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Total Marks: 70
Marks Obtained: 43

4

5c



Q5(c)

18



As per the provisions of Insolvency and Bankruptcy Code 2016,
In the liquidation estate ..

I

(1) Equity shares of Subsidiary company are included, However assets of subsidiary company are excluded from compilation of total estate.

(2) Other assets of the company, corporate debtor, may be movable, immovable all are included.

(i) As per the above provision,
Mr. Solenki proposal to include equity shares of subsidiary company is feasible in law.

2

5cStep1

II

When paying to unsecured financial creditor, as per IBC 2016, it shall rank before payment to the due to Government.

1

5cStep2

Thus the demand of unsecured financial creditor is correct.





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Total Marks: 70
Marks Obtained: 43

19

III. Ad will not be succeed as a IBC ~~pro~~, 2016, make liquidation process to be followed and NO arbitral award will be awarded.

5cStep3

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Marks Obtained: 43

6.5

Q1



Q1(a).

20



6.5

1a

As per the provisions contained in chapter XIII of Companies Act 2013.

Sec. 197 contains provisions regarding remuneration payable to Executive / Non executive directors in case of public company.

(I) As per that sections
Maximum Remuneration to
Executive directors:

(1) If only MD/Manager/WTD: 5% of net profit calculated as per section 198.

(2) In case of more than 1 such director: 10% of NP.

NON Executive directors -

(1) If co. has Executive director: 1% of NP.

(2) NOT have Executive director: 3% of NP.

(II) All the monthly remuneration paid is part of total remuneration to such director

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21

III Payment to directors for the professional services made beyond their regular employment, would be payable separately and not form part of maximum limit.

III Payment of Insurance premium to director for protecting company against any negligence.

If director found guilty of Negligence

forms part of Managerial Remuneration

If director not found guilty

Payable separately and charged as expense

NOT a part of managerial Remuneration

(F) from the above provisions, payment of remuneration ₹50,000 + ₹150,000 Commission is part of remuneration for Mr. X.

3.5

1aStep1

Payment of ₹1% of NP is part of remuneration and it is within limit as well.

However payment to Y would also be part of remuneration as it is not professional service. → VIOLATION of SECTION 247 of Companies Act.



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22



Mr. Y would be liable under section 247 of Companies Act as he has made valuation of asset despite not being registered valuer.

(ii) As described above, in case of X as he has made default, negligence, payment of premium to insurance company
↓
would form part of his remuneration.



1aStep2

(iii) Approving/recommending authority for payment to Y is
~~Registered Valuation Organisation~~
Nomination and Remuneration Committee,
u/s 178 of Companies Act.

fine will be made as per section 247 of Companies Act.



1aStep3





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Subject: Corporate and Economic Laws

Total Marks: 70
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23

1b Q. 1 (b)

As per section 174 of companies act 2013,
Board Meetings need to be conveyed at least

→ 4 times a Calendar year Maximum Gap between two meeting can be of 120 days

Permissible Modes for participating in Board Meeting

Physical Presence Audio Visual Means Video Conferencing

Directors participating in such meeting shall be counted for Quorum.

(1) Venue of Meeting for Video Conferencing:

1bStep1 For Video conferencing no such separate venue needed it can be conducted anywhere where all the directors can meet online.

1bStep2 (2) The records of the meeting / meetings minutes are circulated after the board meeting which is approved by every director attended.

1bStep3 (3) Yes, Meetings can be conveyed through audio / vis teleconferencing also.




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24



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Page 24

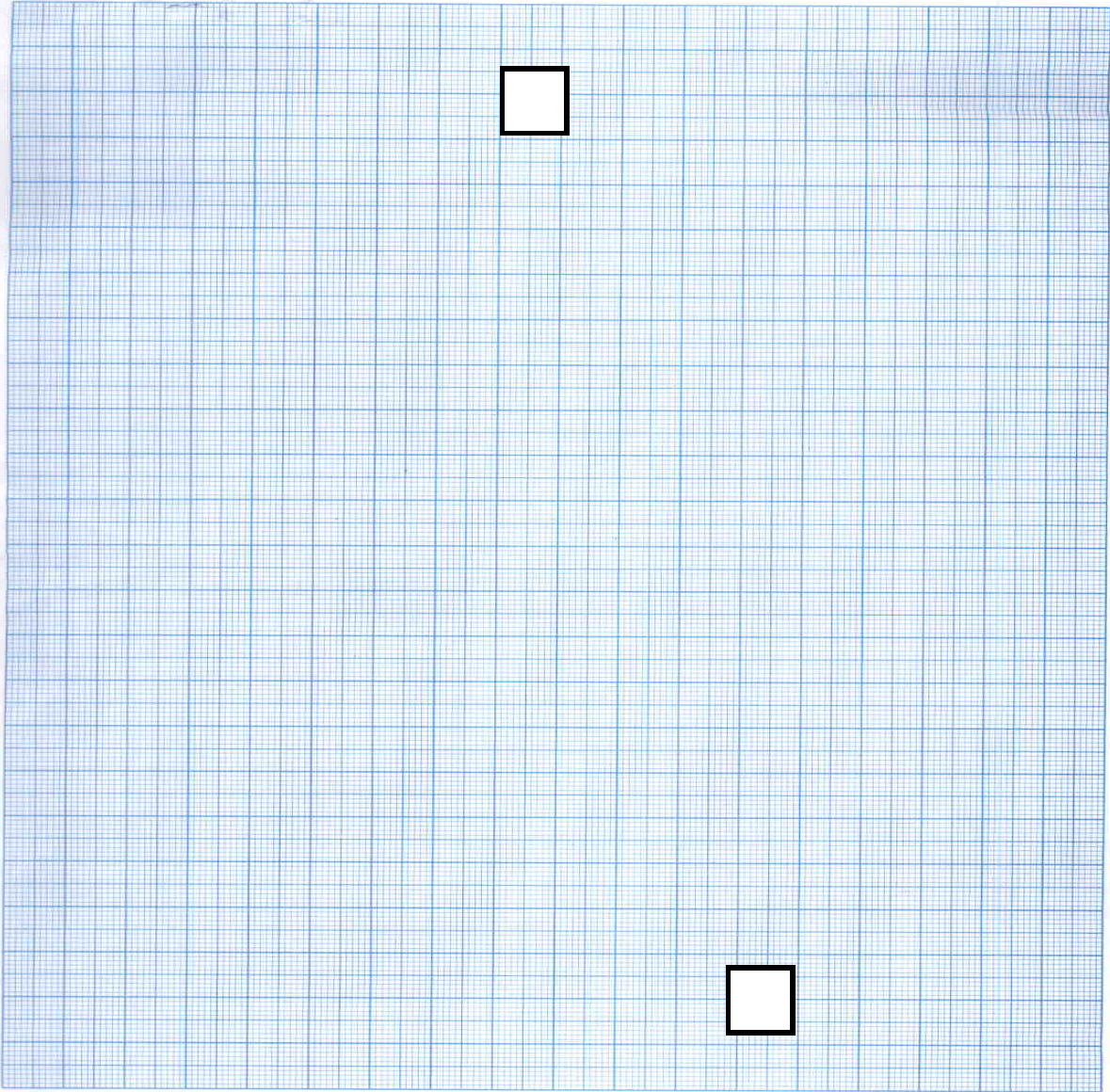



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27



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Subject: Corporate and Economic Laws

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Marks Obtained: 43

28



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listed
Public

T > 300

P > 100

229
230

XIII
XIV

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has FD 1

Not 3

10 Sept



The Institute of Chartered Accountants of India

Code: FN4CE522373
Subject: Corporate and Economic Laws

Total Marks: 70
Marks Obtained: 43

Result Overview

Awarded Marks: 43

Max Marks:70

NA Not Attempted

○ Optional

M Marked

Q1 Compulsory (Score: 6.5/14)

Question No	Awarded Marks	Maximum Marks	Status
Q1	6.5	14	M
1a	6.5	8	M
1b	0	6	M

Q2_Q6 (Score: 36.5/56)

Question No	Awarded Marks	Maximum Marks	Status
Q2	7	14	M
2a	1	4	M
2b	0.5	4	M
2c	3	3	M
2d	2.5	3	M
Q3	0	14	○
3a	0	8	○
3b	0	6	○
Q4	10	14	M
4a	3.5	4	M
4b	2.5	4	M
4c	2.5	3	M
4d	1.5	3	M
Q5	9.5	14	M
5a	2	4	M
5b	3.5	4	M
5c	4	6	M

Q6	10	14	M
6a	2.5	4	M
6b	3.5	4	M
6c	1	3	M
6d	3	3	M