

NEW SYLLABUS

Time allowed: 3 hours

Maximum marks: 100

Total number of questions: 6

NOTE: Answer ALL Questions.

PART-I

Question No. 1

R is carrying on the business of trading of readymade garments as a sole proprietor in Delhi. He wants to diversify his business by opening the branches in other cities across the country. Due to shortage of funds and other resources, he approaches his friend K, who is a Practising Company Secretary (PCS) for seeking his advice on the form of business organisation which may be more beneficial for him. K advises him to convert his sole proprietorship form of business into a private company by involving his friends and relatives as the directors and members of the private company. He describes the characteristics of a private company under the Companies Act, 2013. K further advises R that the conversion of his existing form of business into a private company would provide him easy access to capital needed for diversifying his business.

In accordance with the advice of K, R decided to convert his sole proprietorship business into a private company with the proposed name, R Holding Pvt. Ltd. He makes an application to the Registrar of Companies (RoC), Delhi for reservation of the proposed name of the company, R Holding Pvt. Ltd. However, the proposed name is rejected by RoC, Delhi citing the common reasons for rejection of the proposed name. R makes a fresh application for reservation of the proposed new name of the company, R Cloth Trading Pvt. Ltd. and the name is reserved by RoC, Delhi. After filing the necessary e-forms and documents with RoC, Delhi, the company, R Cloth Trading Pvt. Ltd. is incorporated under the Companies Act, 2013.

K informs R about the utility of the Permanent Account Number (PAN) and accordingly, R obtains PAN in the name of the company. K also helps him in getting the GST registration in the name of the company and advises him to go for "Composition Scheme" under the GST Act, 2017. R approaches the banks for sanctioning loan for his business to enable him to open branches in the State of Uttar Pradesh. However, due to stringent loan sanctioning process of the banks, R fails to get loan from the banks for his business. R approaches K for seeking his help to arrange the required funds for the business and K helps R in getting loan for his business from, ST Finvest Ltd., a Non-Banking Financial Company (NBFC). The loan is processed quickly by ST Finvest Ltd. to R Cloth Trading Pvt. Ltd. at a very competitive rate of interest.

In view of the above, answer the following:

- a) Write down the characteristics of a private company under the Companies Act, 2013 as described by K to R.
- b) Describe the common reasons on the basis of which RoC, Delhi has rejected the name reservation application of R with the proposed name, R Holding Pvt. Ltd.
- c) State the utility of PAN for R Cloth Trading Pvt. Ltd.
- d) Why does K advise R to go for "Composition Scheme" under the GST Act, 2017?
- e) Discuss the privileges available to ST Finvest Ltd. to process loan to R Cloth Trading Pvt. Ltd. quickly at a very competitive rate of interest as compared to the banks.

(3 Marks each)

Question No. 2

a) Robinhood against Hunger is a registered society under Society Registration Act, 1908. Being a non-profit organization, the society possesses the Tax Exemption Certificate under section 12 of Income Tax Act. The Society is also recognized NGO under section 80G of the Income Tax Act. The Promoters have decided to convert the society into Section 8 Company under Companies Act, 2013, so that food items can be delivered free of cost to poor and needy peoples in State of Madhya Pradesh under mission of "Koi Nahi Bhookha Soyega". The Society is also planning to start its own manufacturing unit for making of various types of food items. The automatic food processing unit(s) will be setup in capital of the State at primary level.

Being a Company Secretary, suggest that what are benefits available to section 8 Company. Also highlight that is there any additional requirement for license to ensure the Food Safety and Standardization of food for health.

b) A and B, close friends who graduated from a renowned college, want to start an 'Other Service Providers' (OSP) company for commercial purposes in Rewari, Haryana. What licenses and documents are needed to obtain to operate as a licensed OSP, similar to other service providers?

c) ABC Financial Services, a community-based financial institution, is exploring the incorporation of a Nidhi Company under Nidhi Rules, 2014. The institution seeks your advice on the benefits of incorporating a Nidhi Company. Advise ABC Financial Services.

d) YZ Ltd. desires to form a Special Purpose Vehicle (SPV) to start a new project. Brief the company on the benefits of forming a SPV.

e) S&T Corp. is a company registered in Germany. The company desires to open a Branch Office in India. Advise S&T Corp. the activities permitted for a branch office in India of a person resident outside India under the Foreign Exchange Management Act, 1999 read with Foreign Exchange Management (Establishment in India of a branch office or a liaison office or a project office or any other place of business) Regulations, 2016.

(3 Marks each)

Question No. 3

a) TKM Ltd. is a section 8 company registered under the Companies Act, 2013. The company desires to operate the educational institutes in the State of Madhya Pradesh. The company approaches you to seek your advice on the role of Incubators for assisting entrepreneurs in building and launching their start-ups. Draft a brief note on 'Incubators' as a mode of financing.

b) BN Ltd. and PL Ltd. desire to form a Joint Venture for setting-up a new infrastructure project in the State of Karnataka. Both the companies approach you to seek your advice on the Joint Venture Agreement to be entered into between them. Advise them the essential components of a Joint Venture Agreement.

c) ABC Ltd. has been converted into a private limited company with the name ABC Pvt. Ltd. Brief the company on the major compliances that need to be followed by it after conversion into a private limited company.

d) "The degree of control and management that an entrepreneur desires to have over business affects the choice of form of organization." In light of above statement, explain how control and management factor is basic factor to choose the suitable form of organization.

e) J and K are brothers and running the traditional business for production of snacks and namkin items under brand of "Rajaram". The business organization is in form of Private Limited Company and both hold equal shareholding (50 : 50). Due to sudden death of J, there is need to convert the private company into (One Person Company) OPC, as there being no successor of J. What types of forms along with attachments are required to be filed with Registrar of Companies, Ministry of Corporate Affairs for conversion of Private Company into OPC.

(3 Marks each)

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

Question No. 4

a) OTM Financial Services Limited got the license to operate the Payment Bank in India from RBI. As per the terms of the license, where compliances including KYC verification are required to be complied with strictly from time to time. OTM Financial Services Limited made various non-compliances and accordingly lot of restrictions and penalties were imposed by RBI.

Thereafter, RBI approved a Scheme by which the payment bank may be transferred to any Public Sector Undertaking (PSU).

A leading PSU in financial sector is interested to acquire the business of OTM Financial Services Limited. Before making any offer, the Management of the Bank requires the check points to be considered as other terms and condition for running the business of payment bank. Prepare a note.

b) AB Handicrafts Pvt. Ltd. is a family-owned company based in Jaipur, specializing in the manufacturing and export of handcrafted textiles and home decor items. The company has been operating for the past 15 years and has established itself as a prominent player in the handicrafts industry. The company seeks professional advice on the criteria for classification of Micro, Small and Medium Enterprises. Advise AB Handicrafts Pvt. Ltd.

c) XYZ Solutions Pvt. Ltd. is a newly established technology company based in Bengaluru, India. The company specializes in developing AI-powered software solutions for healthcare providers. As part of its growth trajectory, XYZ Solutions Pvt. Ltd. is exploring the benefits available to startups under the Startup India Program. Advise the company about the benefits given to entrepreneurs establishing startups.

d) MN Ltd. is a newly incorporated company intends to carry on the business of international trade activities in India. The company seeks your guidance on the requirement of obtaining an Import Export Code (IEC). Advise MN Ltd. on the requirement of IEC.

e) Differentiate between Partnership Agreement and Trust Deed.

(3 Marks each)

OR (Alternate question to Q.No.4)

Question No. 4A

a) Explain the characteristics of a Nidhi Company under the Companies Act, 2013 and the Nidhi Rules, 2014.

b) Payment banks is a new model of banks conceptualised by the Reserve Bank of India (RBI). Elucidate.

c) Briefly state the types of FSSAI License under the Food Safety and Standards Act, 2006.

d) What do you mean by 'Other Service Providers' (OSP) under New Telecom Policy, 1999?

e) Explain in brief the eligibility criteria for obtaining Housing Finance Company Registration under the National Housing Bank Act, 1987.

(3 Marks each)

PART-II

Question No. 5

Reena has joined as the Management Trainee in the Company Secretary department of PP Ltd. in the month of September, 2022. The Company is a listed company. Apart from passing CS Professional examination, Reena has also completed her MBA (Finance) from a reputed Management Institute. She is passionate to learn the compliances under the Companies Act, 2013, the SEBI Act, 1992 and other laws applicable to the company. On the request of Reena, the Company Secretary of the company advises Reena to meet Sanjeev, who is the senior partner of AB Solicitors, the legal consultants of the company, for understanding the compliances under the various laws.

On 10th July 2023, Reena visits the office of Sanjeev. During the discussion, Sanjeev highlights that in the CS department of PP Ltd., the male CS trainees are getting higher stipend as compared to the stipend of female CS trainees. Sanjeev explains her about the reforms proposed by Code on Social Security, 2020, which amends and consolidates the laws relating to social security with the goal to extend social security to all employees and workers either in the organised or unorganised or any other sectors or for matters connected therewith or incidental thereto. He also mentions that in order to ensure security for all workers, the Central Government has subsumed nine Labour Laws into the Social Security Code to secure the rights of workers for insurance, pension, gratuity, maternity benefit etc. Further, the Government can fund the contribution of workers from disadvantaged section. He also informs that being a cotton textile unit, there are some restrictions for PP Ltd. on engagement of women and children near cotton openers, but the company is not following the prescribed rules.

After the meeting, Sanjeev advises Reena to come again to his office on the next day so that he may explain her about the pending legal cases. She returns back to the office of PP Ltd. and prepares a detailed report on equal pay for equal work and laws which are proposed to be merged in Social Security Code and restriction on employment of women and children. She sends the said report to the Managing Director of PP Ltd. through email with a copy to the senior partner of the legal consultants of the company.

As per the advice of Sanjeev, Reena visits the office of AB Solicitors, legal consultants, again on 11th July 2023. On reaching the office of legal consultants, she is informed that Sanjeev is on leave for the day due to urgent personal work. Mukesh, who is the junior partner in the legal consultancy firm, tells her that he is preparing replies in respect of various legal cases of the company and she should also learn how to prepare such replies. Reena being excited to learn new things enters into the chamber of Mukesh. Mukesh tells Reena that he may provide very useful case studies to her for her learning and starts making physical contact and advances with her. Being aggrieved by the behaviour of Mukesh, Reena returns to the office of PP Ltd. and makes a complaint before the internal complaints committee of the company for sexual harassment. Reena wants that her identity, address and contents of her complaint should not be published, communicated or made known to the public.

In view of the above, answer the following:

- a) In the light of a decided case law, examine whether PP Ltd. is violating the rule of Equal Pay for Equal Work?

- b) What are the Labour Laws that have been subsumed by the Social Security Code by the Central Government?
- c) Examine whether PP Ltd. is contravening the provisions of law regarding prohibition of employment of women and children near cotton openers?
- d) Briefly state the provisions regarding prohibition of publication or making known contents of complaint and inquiry proceedings under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(5 marks each)

Attempt all parts of either Q. No. 6 or Q. No. 6A

Question No. 6

- a) Shailja, a female employee working in a multinational company, informed the manager of the company about her pregnancy. She sought guidance on maternity leave entitlements and benefits under the Maternity Benefit Act, 1961. As the manager of the company, advise Shailja on the maternity leave entitlements and benefits available to her under the Maternity Benefit Act, 1961.
- b) Define the term 'Adolescent' under the Child and Adolescent Labour (Prohibition and Regulation) Act, 1986. Also explain the provisions regarding hours and period of work of an adolescent in any establishment under the Act.
- c) Explain in brief the provisions regarding payment of Subsistence Allowance under the Industrial Employment (Standing Orders) Act, 1946.
- d) What are the obligations of Employers and Apprentice under the Apprentices Act, 1961?

(5 Marks each)

OR (Alternate question to Q. No. 6)

Question No. 6A

- a) Define the term 'E.I. Court'. Which types of matters are decided by the E.I. Court?
- b) Describe in brief the specific responsibility of the occupier in relation to hazardous processes under the Factories Act, 1948.
- c) Write down the benefits available to the insured persons or their dependents under the Employees' State Insurance Act, 1948.
- d) Distinguish between 'Lay off' and 'Lock out' under the Industrial Disputes Act, 1947.

(5 Marks each)