

Roll No. ....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 12

**NOTE :** Answer **ALL** Questions.

### PART-I

1. Ananya, a mechanical engineer, and Ritu, an environmental scientist, first met during a government-funded clean water project in Assam. Both were committed to finding practical, sustainable solutions to address the lack of safe drinking water in disaster-hit regions. After several years of collaborative research, they developed a portable solar-powered water purification unit that could be quickly deployed in areas affected by floods, cyclones, or droughts.

Encouraged by the potential of their innovation, they decided to formalize their venture. They agreed to separate the research and commercial activities into different entities to ensure that risks from experimental work would not affect the manufacturing and sales arm. For the research unit, they chose the Limited Liability Partnership (LLP) structure for its operational flexibility, limited liability protection, and ease of management compared to a private company. The incorporation process through the Ministry of Corporate Affairs (MCA) portal was smooth, and the Certificate of Incorporation was issued promptly. However, while setting up the laboratory and procuring equipment, they overlooked executing and filing the LLP Agreement within the statutory time limit. This delay came to light when they approached a bank to open an account and the banker insisted on the LLP Agreement for KYC compliance.

For the commercial manufacturing business, they incorporated a private limited company. They applied for recognition under the Startup India initiative through the Department for Promotion of Industry and Internal Trade (DPIIT) portal to avail themselves of benefits such as income

tax exemptions, access to government tenders without prior experience, and faster intellectual property processing. Their application was rejected on the grounds that the details provided in the “innovation” section were too generic and did not adequately demonstrate how the product was novel, scalable, or technologically superior to existing market solutions.

Despite the setback, Ananya and Ritu continued their operations. Based on their investment in plant and machinery of ₹ 4 crore and annual turnover of ₹ 15 crore, they obtained Udyam Registration under the MSME Development Act, 2006, which classified them as a small enterprise. This registration later became significant when a large corporate customer failed to make payment for a bulk order within the agreed period. The payment delay extended beyond 50 days, creating cash flow difficulties and putting pressure on their ability to meet regular obligations such as salaries and supplier dues.

During this time, they were approached by a distributor from Singapore who expressed interest in marketing their product across Southeast Asia. After evaluating the proposal, they decided to establish a wholly owned subsidiary (WOS) in Singapore under the automatic route for overseas direct investment as permitted by the Foreign Exchange Management Act, 1999 and the Overseas Investment Rules, 2022. The Singapore entity was incorporated without difficulty, but they soon discovered that local regulations imposed ongoing requirements such as the appointment of a resident director, annual filings with the Accounting and Corporate Regulatory Authority (ACRA), and the maintenance of a registered local office. These obligations created an additional financial burden that had not been factored into their original expansion budget.

To complicate matters, the cost of importing certain critical filtration components from Germany began to rise sharply due to currency fluctuations. These unexpected expenses further reduced their working capital, forcing them to consider financial strategies to manage both domestic operations and foreign compliance costs without disrupting production.

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The situation had become more complex than either of them had anticipated. Their plans for expansion were now entangled with compliance requirements, financial pressures, and strategic decisions that could not be delayed. Each choice carried its own risks, and missteps could affect both their domestic operations and their new overseas venture. As they considered the way forward, Ananya and Ritu knew that their ability to navigate the evolving legal, regulatory, and market environment would decide the long-term future of their enterprise.

In view of the above, answer the following :

- (a) What is the statutory time limit for filing of LLP Agreement after incorporation and the importance of such document ?
- (b) What important points should be considered by Ananya and Ritu before they setup their Start-up ?
- (c) In case where there is a dispute with respect to payment due, what remedy is available to an MSME ?
- (d) What steps should be kept in view while setting-up business through subsidiary company in Singapore ?
- (e) What types of compliances to be complied with by Ananya and Ritu under Environment Laws ?

(3 marks each)

2. (a) CK XH Inc., a Company incorporated in Hong Kong, engaged primarily in the manufacturing and international trading of telecom infrastructure components, proposes to establish a Branch Office (BO) in Guwahati, Assam, with the intent of marketing its products and offering post-sale technical services. The entity has demonstrated profitability in four out of the last five financial years, with the fifth showing a nominal

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net loss. The company has appointed a local consultancy firm in India to act as its authorized agent for filing the requisite application through an AD Category-I bank. In view of above situation, whether CK XH Inc. is eligible for setting up the Branch Office ?

(3 marks)

(b) X Ltd. is a company incorporated under the Companies Act, 2013. Its Memorandum of Association (MoA) restricts the company from carrying out manufacturing of electrical appliances only. However, the Articles of Association (AoA) were recently amended by special resolution to include a provision allowing the company to enter into the business of real estate development, and based on this amendment, the Board of Directors passed a resolution to purchase land for a commercial mall project. A minority shareholder challenges this decision stating that it is ultra vires to the company. The Board contends that since the Articles now allow it and the shareholders approved the amendment, the decision is valid. With reference to relevant case law and principles, examine the legal validity of the Board's action and advise :

- (i) Whether the amendment to the Articles enabling entry into real estate business is valid in light of the Memorandum ?
- (ii) Whether the shareholder's challenge is tenable in law ?
- (iii) Whether the Board's action can be ratified by the shareholders by passing another special resolution ?

(3 marks)

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- (c) During the launch of a new line of eco-friendly homes, ABC Infra Ltd., a construction company, collaborates with XYZ Marketing, a marketing agency, where ABC Infra Ltd. provides product expertise and XYZ Marketing handles promotions and customer engagement. Identify the type of collaboration represented in this scenario and explain the benefits each partner derives from this collaboration.

(3 marks)

- (d) Sewa Foundation is a registered NGO for promoting Indian Culture. It organizes various cultural programmes in India as well as outside India. The founder members are retired from armed force service, Indian Army. Most of the members desired that the Foundation may be converted into a section 8 Company under the Companies Act, 2013 with 5 members as promoter. Further, they don't want to affix the word 'Limited' or 'Private Limited' after the proposed name 'Live with Culture'. They also desired to expand the object of the company.

In view of the above, answer the following :

- (1) Whether, proposed Company can be incorporated with affixing the word 'Limited' or 'Private Limited' as case may be ?
- (2) What are the other objectives that can be included in the object clause of the proposed Company ?

(3 marks)

- (e) BJS & Co., a registered LLP under LLP Act provides the legal and financial consultancy services through its 21 branches all over in India. All its partners are Practicing Company Secretaries. The turnover for the financial year 2024-25 was ₹ 9.55 Crore. The LLP recently engaged its trainees for preparation of statutory forms, return and other documents. Rahul, one of the trainees, during the preparation of Annual Return of LLP, opines that as Annual Return can be signed by any designated partner and

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all partners are Practicing Company Secretary, hence there is no need to get certification from Company Secretary in Practice, who is not the member of LLP.

In above situation, whether view of Rahul is correct in light of provisions of LLP Act ?

(3 marks)

3. (a) For welfare of farmers, a group of farmers in Gujarat decided to incorporate a Society. The main objective of the society is to provide scientific developed equipment for farming, education for modern farming and also to organize research & development programmes from time to time.

What are the documents to be submitted with Registrar for formation of such society ?

(3 marks)

- (b) Srinivasan Rao recently completed his degree in Law. After qualifying the examination, he got the membership of Bar Association and started practising as an Advocate. His area of interest is Labour Laws.

In view of this, highlight the importance of Labour Laws.

(3 marks)

- (c) Maharaja Bhanu Pratap Pvt. Ltd. was incorporated as Private Limited Company in year 1943 under prevailing Companies Act. The main objective of the Company was to maintain the properties of the Maharaja and the revenue therefrom. However, after a long period, it was felt that the company became un-operational. Further, the younger generation decided to start advisory business. Hence, it was decided that Maharaja Bhanu Pratap Pvt. Ltd. will be converted into an LLP.

In view of the above situation, what conditions are to be fulfilled for such conversion. Also describe the effect of conversion.

(3 marks)

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- (d) Renowned Business House of India recently entered into a collaboration with a Germany-based company for manufacturing of defense equipment. There shall be production of explosives also with modern technology. The manufacturing plant is proposed to be set up in an industrial area situated near to Greater Noida. However, the management is not sure as to the requirement of Industrial license.
- In view of the present situation, opine whether Industrial License will be required. Also detail the procedure for obtaining Industrial License.

(3 marks)

- (e) A group of people in a slum area of Kolkata decided to start a chit fund to assist the daily wage labour. As per the scheme, a member of the chit fund has to deposit ₹ 50 per day. On the last day of the month, the fund can be used by the subscriber on bid basis. Highest discount would win the bid. Tenure of the scheme is 13 months. However, in mid of the month, a subscriber can avail the loan facility with fixed interest rate of 7% per annum.

One of the subscribers opines that such scheme should be registered with registrar of Chit Fund.

Check the validity of opinion of subscriber.

(3 marks)

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

4. (a) "Choosing a form of business entity is crucial to a successful organization." Based on the above statement, highlight the major factors and their relevance in choosing the form of a business.

(3 marks)

- (b) "The Shops and Establishments (S&E) Act is applicable on all the commercial establishments; viz, business centers, offices, warehouses, stores, hotels, eateries, amusement parks, theatres, etc., nationwide. It is one of the most important regulations required to be complied with for any business."

In view of above statement, enumerate the procedure for registration under the Shops & Establishments Act.

(3 marks)

- (c) "Payment banks is a new model of banks conceptualised by the Reserve Bank of India (RBI). These banks can accept a restricted deposit."

When can RBI grant full license to an entity as payment bank ?

(3 marks)

- (d) "The nature of a multidisciplinary firm fosters collaboration. The common office space, with professionals working in close proximity to one another, provides each professional with a strong set of resources in the firm. In addition, this spirit of working together creates greater opportunity for collaboration so the total needs of the client are best met."

What are the risks involved in forming of a multidisciplinary firm (MDF) ?

(3 marks)

- (e) "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 was notified to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector."

In view of above statement, highlight the benefits provided to an enterprise having Udyam registration.

(3 marks)

**OR (Alternate question to Q. No. 4)**

- 4A. (i) Differentiate between Banks & NBFC's.  
 (ii) Differentiate between Public Trust and Private Trust.  
 (iii) Differentiate between Partnership & LLP.  
 (iv) Differentiate between Entrepreneurship and Startup.  
 (v) Differentiate between Special Purpose Vehicle (SPV) and Company.

(3 marks each)

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**PART-II**

5. Vibhut Small Finance Ltd. is a registered NBFC under regulations issued by RBI. The Company was formed in 2010. As on date, market cap of the Company is ₹ 15,434.56 Crore with total customer base of 34,549 in 173 branches all over in India. The total employee's strength is 3,983 with 76 : 24 male and female ratio. Being one of the largest private sector NBFC, the Company offers various benefits to employees as well as welfare services.

There are various Internal Committees to investigate the matters related complaints under POSH Act. During the period from 1st April 2024 to 31st March 2025, total complaints received was 305, out of which 226 was disposed of within 3 months. It was observed that the Internal Committee prima-facia looked into the matter and based on the gravity of the matter, the employees were terminated immediately, where found guilty, as per recommendation of the Internal Committee. No departmental proceedings were conducted.

In one case, the Branch Manager denied leave to a woman who had adopted a 2-month-old child. The contention of the Management was that as there is no birth, hence maternity benefits can't be given. In certain cases, it was also observed that if the child dies during the maternity leave, prior to the delivery period, leave for the rest of the period were being cancelled as per internal policy.

Mrs. Lata, who was the cashier in a rural area branch, had met with an accident due to slippage. In absence of First-Aid Box, there was huge loss of blood and she couldn't survive. The view of the Management was that as there are only 22 employees in the Branch, which is less than 150, hence there is no need to maintain a First-Aid Box.

Through outsourcing agency, the Company hires security personnel. The number of guards depends upon the size of the Branch. It was noticed that in a few branches, the drinking water facility was not available. The view of the Management was that such facilities are to be provided by the contractor, and not by the Company.

The matters in Vibhut Small Finance Ltd., therefore highlights the importance of strict adherence to labour laws in protecting the rights of workers, maintaining industrial harmony, and ensuring that businesses remain compliant with statutory obligations. It also shows that expansion and profit-making, while important for business growth, cannot come at the cost of ignoring legal responsibilities owed to employees.

In view of the above-mentioned facts, answer the following by mentioning the legal provisions of applicable laws :

- (a) Can Vibhut Small Finance Ltd. terminate employee on basis of finding of Internal Committee for POSH, without conducting any departmental inquiry ?
- (b) Can remaining Maternity leave be cancelled in case of death of the child prior to expected delivery date ?
- (c) Is the view of Vibhut Small Finance Ltd. correct that no first aid facility can be provided where the numbers of employee is less than 150 ?
- (d) Is Vibhut Small Finance Ltd. liable to provide the facility of drinking water to its contract labour ?

(5 marks each)

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

6. (a) Due to dissatisfaction among workers, wage-related concerns and working conditions, a group of employees formed a trade union and submitted a charter of demands seeking revision of wages and improvements in leave benefits to Managing Director of Maharaja Jet Airways. The management did not recognize the union, claiming that a welfare committee was already addressing grievances. In protest, the trade union approached the Labour Officer, who forward the matter to Conciliation Officers. Since long, there being no resolution, the state government, in the interest of the industry,

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referred the matter to the Industrial Tribunal for settlement of the disputes. The tenure of the tribunal is 2 months. Maharaja Jet Airways opposed the decision of the Government, contesting that as the proceeding for conciliation is pending, the matter cannot be referred to the Industrial Tribunal.

In view of above, answer the following :

- (i) Whether Government can refer the matter to Industrial Tribunal without waiting for conclusion of conciliation proceeding ?
- (ii) Can Industrial Tribunal continue office after expiry of 2 months, where the matter is unresolved ?

(5 marks)

- (b) Rekha was an employee of State Power Generation Ltd. As informed to her, the company has a Trust for Contributory Provident Fund, as provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 are not applicable to it. After working for more than 7 years, Rekha left State Power Generation Ltd. and joined XYZ Ltd., having more than 1000 employees on the roll. The HR department of XYZ Ltd. informed Rekha that the amount of the provident fund in State Power Generation Ltd. cannot be transferred to EPFO, as the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 are applicable to the company.

In above given situation, answer the following :

- (i) In which cases provision of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 are not applicable ?
- (ii) How can Rekha receive the amount of Provident Fund from previous company ?

(5 marks)

- (c) Mohindra had joined PZ India Ltd. in 1994. After attaining of age of superannuation, he retired from the organization. PZ India Ltd. had allotted him residential facility in quarters of the organization. As per the policy of the organization, an employee

has to vacate the quarter within 30 days of his retirement, but Mohindra didn't do so. Because of this, the amount of gratuity owed to him was withheld by the organization. Can PZ India Ltd. withhold the amount of gratuity on the above ground ? Also suggest how the amount of gratuity can recovered.

(5 marks)

- (d) Ranjan is a graduate holding degree of BE (Mechanical). For career prospective, he joined the training in Gas and Oil Production Ltd. The period of his apprenticeship was 18 months. After completion of such training, he applied for a job of Technician in the organization. The qualifying criteria was at least 1 year post qualification experience of candidate. The period of his training was not considered and his application was rejected.

In view of such situation, answer the following :

- (i) Can an apprentice demand the employment ?  
 (ii) What are the obligations of the employer under Apprentices Act, 1961 ?

(5 marks)

**OR (Alternate question to Q. No. 6)**

- 6A. (i) Prepare a note on Local Complaint Committees constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013  
 (ii) What is the specific responsibility of occupier in relation to hazardous processes under Factories Act, 1948 ?  
 (iii) What types of matters are decided by Employee Insurance (E.I.) Court ?  
 (iv) Define the following terms under Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by certain Establishments) Amendment Act, 2014 :
- (a) 'Employer'  
 (b) 'Establishment'  
 (c) 'Form'  
 (d) 'Small Establishment'  
 (e) 'Very Small Establishment'.

(5 marks each)