



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 13
CORPORATE AND ECONOMIC LAWS

SET - 1
TERM – DECEMBER 2025
SYLLABUS 2022

Time Allowed: 3 Hours

Full Marks: 100

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

SECTION – A (Compulsory)

1. (a) Choose the correct option:

[15 x 2 = 30]

Western India Industries Ltd., a public limited company engaged in manufacturing microchips, made substantial profits from 2010 to 2015, declaring high dividends ranging from 500% to 2000%. In 2016, the company issued public equity, raising its share capital from ₹5 crores to ₹15 crores. Post-expansion, the dividend rate was drastically reduced to 20%–50% between 2016 and 2021.

Although a few shareholders have raised concerns during the last 3 AGMs, their views were not supported by the majority. The Chairman clarified that profits were being reinvested into new projects—a fact supported by annual reports.

Answer the question from (i) to (iv) based on the above case study:

- (i) Can minority shareholders object to lower dividend?
 - A. Yes, they can force the Board to declare higher dividends
 - B. No, dividends are solely decided by the shareholders in the AGM
 - C. No, only the Board can recommend dividends; shareholders can only approve or lower them
 - D. Yes, if they hold majority voting rights
- (ii) Does this reduction of dividend amount to oppression of minority shareholders?
 - A. Always, if the dividend is reduced
 - B. No, reduction of dividend alone does not amount to oppression
 - C. Yes, it is always oppressive if it affects minority profits
 - D. Yes, if it can be proved that minorities are unfairly deprived of genuine benefits
- (iii) 75 shareholders want to file a petition against the management's decision. Is that sufficient? Where should they file it?
 - A. Yes, they can file in SEBI
 - B. No, at least 100 shareholders are needed or shareholders holding 10% of issued capital
 - C. Yes, they can file a complaint in Consumer Forum
 - D. No, only directors can file such petitions
- (iv) Do minority shareholders have any forum to raise their grievances in such matters?
 - A. Yes, they can approach the Investor Relations Committee or the NCLT
 - B. No, minority shareholders have no legal rights
 - C. Yes, they can raise the issue in Lok Adalat
 - D. No, they can only sell their shares and exit



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- (v) Interim dividend is decided by:
- A. Board of Directors
 - B. AGM
 - C. CMD
 - D. Audit Committee
- (vi) ABC Ltd. is registered in India with 100% shares being held by KYZ Ltd., a company registered in UK having no business in India. ABC Ltd. is a:
- A. An Indian Company
 - B. Foreign company
 - C. Wholly owned subsidiary of a foreign company but Indian Company
 - D. Does not come under definition of foreign company
- (vii) The adjudicating authority in case of personal insolvency is: The Insolvency and Bankruptcy Board has power of Court in respect of issue of summons, discovery and production of books, inspection of books/registers and issue of commissions for examination of witnesses:
- A. Session Court
 - B. High Court
 - C. Supreme Court
 - D. Civil Court
- (viii) At which level corporate governance is more relevant in a company?
- A. top level
 - B. middle level
 - C. lower level
 - D. all levels
- (ix) CG ratings are done by:
- A. Commercial banks
 - B. RBI
 - C. Credit Rating Agencies
 - D. SEBI
- (x) Which of the following do not require prospectus
- A. Rights issue
 - B. Bonus issue
 - C. IPO
 - D. FPO



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- (xi) Selling products/services below the cost is called _____.
A. Undercut pricing
B. Under invoicing
C. Predatory pricing
D. Introductory pricing
- (xii) The Competition Act has replaced
A. Companies Act, 1956
B. Consumer Protection Act
C. MRTP Act, 1969
D. None
- (xiii) Banking Regulation Act was enacted in the year:
A. 1940
B. 1942
C. 1947
D. 1949
- (xiv) IRDA was established in the year:
A. 1999
B. 2000
C. 2001
D. 2002
- (xv) Access someone's computer without the right authorization of the owner and does not disturb, alter, misuse, or damage data or system by using wireless internet connection, is called:
A. Squatting
B. Vandalism
C. Hacking
D. Trespass



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SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks.)

[5x14=70]

2. (a) The following is the extract from the Balance Sheet of XYZ Ltd., as on 31-3-2025:

Sl. No.	Particulars	Amount (in lakhs)
(i)	Authorised capital	100
(ii)	Paid-up Capital	40
(iii)	P & L Account balance	22
(iv)	Share Premium Account	10
(v)	Machinery Revaluation Reserve	11
(vi)	Secured loan taken from a nationalised bank (at 11% rate of interest)	35

The yield of Government security may be taken as under:

Tenure	Yield
1 year	6.5%
2 years	6.7%
3 years	6.9%

ABC Ltd., has approached the company for grant of secured loan for 40 lakhs for a tenure of 40 months. Evaluate, can this loan be granted by the Board of Directors at the interest rate of 6.5%? Critically assess will your answer be different, if the loan is for 45 lakhs? [7]

- (b) Explain the limit with regard to remuneration fixed by the Central Government or the company under Section 200 of the Companies Act, 2013? [7]

3. (a) Describe the procedural requirements and conditions for issuing a notice of Board Meeting under Section 173(3) of the Companies Act, 2013. [7]

- (b) In a scheme of reconstruction by a multinational company listed in India, the company wanted the minority shareholders to get out of the company by selling their shares back to the promoters at a price determined by the promoters. The minority shareholders were not given a choice whether they wanted to tender their shares or not. In the meeting, there were six non-promoter shareholders who voted against the scheme, but Chairman declared that the motion was carried with an overwhelming majority of more than 90% shareholding. However, minority shareholders contended that they had a right to reject the offer. Critically assess the situation and advice, will minority shareholders succeed? [7]



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4. (a) Explain the required quorum for holding a Board meeting, as per the provisions of the Companies Act, 2013? Examine the following cases in this context:
- (i) In a Board meeting, only 3 directors were present out of the total of 11 directors. None of the 3 directors was interested in any of the items of the agenda. Examine the validity of meeting.
 - (ii) In a meeting of the Board, out of the total of 11 directors, 5 directors were present, of which only 2 directors were not interested in one of the transactions. Suggest, how should the meeting deal with the matter? [7]
- (b) United Social Services Ltd is a company formed by 10 professionals with ₹1 lakh paid up capital by each promoter. The company intends to give various services to NGOs and social sector organisations with marginal profit. Though the registered office is in Delhi, the company wants to work on pan India basis. Critically assess the following perception of the company and advise the management of the company, in line with the provisions of law.
- (i) The company claims that it is a non-profit company.
 - (ii) If not, can it be converted as NPO?
 - (iii) What is to be done for conversion?
 - (iv) Once converted, would the promoters get dividend out of profit? [7]
5. (a) Discuss the disqualifications of auditors under Section 141(3) of the Companies Act, 2013. [7]
- (b) Mr. Ajay, an advocate, is in the business of providing professional services like filing of petitions before Tribunals and Courts. Mrs. Sonali, wife of Mr. Ajay, is a registered Insolvency Professional (IP) with the Insolvency Bankruptcy Board of India. Mr. Ajay, in his capacity of an advocate, filed many applications relating to admission of corporate debtors before National Company Law Tribunal (NCLT) and his wife Mrs. Sonali being insolvency professional in her own professional capacity acts as Insolvency Professional in all the cases her husband takes up. Mrs. Sonali within 6 months of becoming Insolvency Professional accepted 8 such assignments. She does not have any prior experience as an Insolvency Professional. While considering one such application for initiation of Corporate Insolvency Resolution Professional (CIRP), NCLT observed that the fees charged by Mrs. Sonali for acting as insolvency resolution professional is exorbitant. Mrs. Sonali contracted with the applicant to not only act as Interim Resolution Professional but also as Resolution Professional in all the 8 assignments that she accepted.
- With reference to the above-mentioned facts, Analyse the situation and Discuss the answers with reasons of the following questions:
- i) Is Mrs. Sonali right in accepting the assignments when it was her husband who proposed her name?
 - ii) IBBI has issued a show cause notice to Mrs. Sonali based on the adverse remarks made by NCLT. Is IBBI empowered by the Code to issue a show cause notice even without a complaint made against?
 - iii) Examine the Duties of Mrs. Sonal as an Interim resolution professionals.
 - iv) Discuss the Time-limit for completion of insolvency resolution process. [7]



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6. (a) Discuss the Objectives and Features of Corporate Governance. [7]
- (b) Describe the types of Cyber Crime? [7]
7. (a) Explain the obligations of the target company and obligations of the acquirer. [7]
- (b) Discuss about the penalty imposable under section 45 of the Indian Competition Act, 2002 for offences in relation to furnishing of information. [7]
8. (a) Discuss the process of Money Laundering and Examine the procedure of Investigation. [7]
- (b) An asset reconstruction company may, for the purposes of asset reconstruction, provide for any one or more of the measures. Discuss and analyze the measures to be taken for asset reconstruction. [7]