

# CA Final – Paper 4 (Law) – Integrated Case Studies

## Part IX – Securities and Economical Laws (Chapter 14 to 20 )

### Compiled by: CA. Pankaj Garg

(Covering ICAI SM, MTPs & RTPs till May 2023 applicable for May/Nov. 2023 Exams)

#### Part A - SEBI Act, 1992, and SEBI (LODR) Regulations, 2015

##### Integrated Case Study - 1

Troy Ltd. is an unlisted public company, deriving its income mainly from trading in iron bars. It also derives some income from investments in immovable properties. It is the only subsidiary company of Wrim Ltd., a listed public company, which holds 55% equity in Troy Ltd. The shares of Wrim Ltd. are listed on the Bombay Stock Exchange as well as on the National Stock Exchange.

Net income of Troy Ltd. was ₹ 66 crore whereas the standalone income of Wrim Ltd. was ₹ 154 crore, as shown in the audited financial statements of both the companies for the financial year ended on 31st March, 2021. However, the net worth of Troy Ltd. was only 15% of the total net worth of both the companies as per the consolidated financial statements. Also, the contribution of Troy Ltd. in the consolidated turnover of both the companies was only 18%.

The Audit Committee of Wrim Ltd. has all the 7 directors of the company, as its members. The said Committee held a meeting on 25th April, 2021, for the purpose of reviewing the financial statements of Troy Ltd. Which had been limited reviewed by the statutory auditors of Wrim Ltd. as required by Accounting Standard No. 21. Also, an omnibus approval was granted, in the said meeting, for some transactions to be entered by Wrim Ltd. with the related parties.

The meeting was scheduled 2nd time in the year and it was chaired by Mr. Suresh, an Independent Director of the company, who is also serving as an Independent Director on the Board of Troy Ltd. In the meeting, apart from Mr. Suresh, Mr. Dharmendra, another Independent Director and Mr. Vimal, an Executive Director with Chartered Accountancy qualification, were present.

On recommendation of Mr. Vaibhav, the Managing Director of Wrim Ltd., his brother, Mr. Jainim, has been appointed as the regular non-executive chairperson of the company, as Mr. Jainim possess the requisite qualifications for the said post, as also opined by the chairperson of the Nomination and Remuneration Committee of the company, Mr. Dharmendra. Mrs. Meena, is a qualified Chartered Engineer who has been appointed as the Woman Director, in the Board Of Directors of Wrim Ltd.

The Board Of Directors of Wrim Ltd., in one of its meetings, made a proposal to dispose of 6% equity holding in Troy Ltd., as the company received attractive offer for such shares from a foreign company based in Netherland, also engaged in the business of iron bars trading. Also, the board made a proposal to sell 22% assets of Troy Ltd. under a scheme of arrangement approved by NCLT as most of the business of Troy Ltd. was going to be automated in the upcoming years and due to which, use of some of the assets, as requiring intervention of workers, may become obsolete.

In the same meeting, the Board discussed on the quarterly financial statements of the company which had been limited reviewed by the statutory auditors of the company. The minutes of the previous Board Meeting of its subsidiary company, Troy Ltd., were also discussed, as it was placed in the Board Meeting of Wrim Ltd.

Wrim Ltd. made the following compliances for the June' 2020 quarter, as required by SEBI(LODR) Regulations, 2015:

- (1) It submitted its unaudited quarterly financial statements to the recognised stock exchange on 31 st July, 2021.
- (2) It submitted its quarterly compliance report on corporate governance on 10th July, 2021.
- (3) It submitted a statement showing holding of securities and shareholding pattern separately for each class of securities on 21st July, 2021. There was no capital restructuring done in the company during the said quarter, resulting in change exceeding 2% of the total paid up share capital. [MTP-April 21]

<b>1</b>	<p><b>Whether Troy Ltd. can be considered as a material subsidiary of Wrim Ltd. and whether it will violate the law, if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd., as Mr. Suresh, an independent director, is already appointed there?</b></p> <p>(a) Yes, it can considered as a material subsidiary of Wrim Ltd. and as Mr. Suresh is on the board of Troy Ltd., statutory requirements are satisfied and it will not violate the law if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd.</p> <p>(b) No, it cannot considered as a material subsidiary of Wrim Ltd. and apart from Mr. Suresh, one more independent director of Wrim Ltd. needs to be appointed as independent director on the board of Troy Ltd., to satisfy the statutory requirements, otherwise it will violate the law.</p> <p>(c) No, it cannot considered as a material subsidiary of Wrim Ltd. and as Mr. Suresh is on the board of Troy Ltd., statutory requirements are satisfied and it will not violate the law if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd.</p> <p>(d) Yes, it can considered as a material subsidiary of Wrim Ltd. and apart from Mr. Suresh, one more independent director of Wrim Ltd. needs to be appointed as independent director on the board of Troy Ltd., to satisfy the statutory requirements, otherwise it will violate the law.</p>
<b>2</b>	<p><b>How many directors and independent directors, apart from Mr. Suresh should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and what in particular, the Audit Committee should have reviewed during the meeting at the time of reviewing the financial statements of Troy Ltd.?</b></p> <p>(a) 1 director and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the loans advanced by and taken by Troy Ltd.</p> <p>(b) 3 directors and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the investments made by Troy Ltd.</p> <p>(c) 1 director and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the main income source of Troy Ltd. i.e. sales and operations of iron bars trading business.</p> <p>(d) 2 directors and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the investments made by Troy Ltd.</p>
<b>3</b>	<p><b>What shall be the last date of submission of quarterly financial statements to the stock exchange for Wrim Ltd., in case Wrim Ltd. was not able to submit the same on 31st July, 2020, and whether it can be submitted in unaudited form also?</b></p>

	<p>(a) 15th August, 2021 and no, it needs to be submitted in audited form.</p> <p>(b) 31st August, 2021 and yes, it can be submitted in unaudited form.</p> <p>(c) 31st July, 2021 and no, it needs to be submitted in audited form.</p> <p>(d) 15th August, 2021 and yes, it can be submitted in unaudited form.</p>
4	<p><b>How many more independent directors and woman directors should be atleast there on the board of Wrim Ltd., apart from Mr. Suresh and Mrs. Meena, respectively?</b></p> <p>(a) 3 more independent directors are required and no more woman director is required to be appointed, as Mrs. Meena is already there.</p> <p>(b) 3 more independent directors are required and 1 more woman director is required to be appointed, apart from Mrs. Meena.</p> <p>(c) 2 more independent directors are required and no more woman director is required to be appointed, as Mrs. Meena is already there.</p> <p>(d) No more independent woman director is required to be appointed due to presence of 1 independent director and 1 woman director, in the board, already.</p>
5	<p><b>Whether special resolution shall be required to be passed by the company in the general meeting, to dispose of 6% equity holding in Troy Ltd., and also to sell 22% assets of Troy Ltd. under a scheme of arrangement approved by NCLT?</b></p> <p>(a) Yes, special resolution in the general meeting needs to be passed for disposing of 6% equity holding in Troy Ltd. However, for selling 22% assets of Troy Ltd., special resolution shall not be required.</p> <p>(b) Yes, special resolution in the general meeting needs to be passed for disposing of 6% equity holding in Troy Ltd. as well as for selling 22% assets of Troy Ltd.</p> <p>(c) There is no requirement of passing special resolution in the general meeting, only board resolution for the same is sufficient.</p> <p>(d) No, ordinary resolution in the general meeting is sufficient for disposing of 6% equity holding in Troy Ltd. However, for selling 22% assets of Troy Ltd., board resolution for the same is sufficient.</p>

### Answers - Integrated Case Study 1

Q.No	Answer
1	(a) Yes, it can be considered as a material subsidiary of Wrim Ltd. and as Mr. Suresh is on the board of Troy Ltd., statutory requirements are satisfied and it will not violate the law if no more independent director of Wrim Ltd. is appointed on the board of Troy Ltd.
2	(d) 2 directors and one more independent director, apart from Mr. Suresh, should have attended the meeting of audit committee to constitute a valid quorum present for the meeting and the audit committee should have reviewed in particular, the investments made by Troy Ltd.
3	(d) 15th August, 2021 and yes, it can be submitted in unaudited form.
4	(a) 3 more independent directors are required and no more woman director is required to be appointed, as Mrs. Meena is already there.
5	(a) Yes, special resolution in the general meeting needs to be passed for disposing of 6% equity holding in Troy Ltd. However, for selling 22% assets of Troy Ltd., special resolution shall not be required.

## Part B - FEMA

### Integrated Case Study - 2

Energy Food and Beverages Limited (EFBL), having its Registered Office at Bhikaji Cama Place, New Delhi, is a reputed manufacturer and exporter of different kinds of energy food, drinks and beverages. The market base of its products in India is much wider in comparison to so many other competitors. It is exploring more and more export markets all over the world.

The Board of Directors of EFBL comprises following Directors:

Functional Directors	Independent Directors
Mr. Praveen Kumar, Managing Director	Mrs. Hruta Varad
Ms. Ananya Vibor	Mrs. Vartika Soni
Mr. Jay Doshi	Mr. Shashi Vidur
Ms. Geetika Devi	Mr. Aniruddha
Mr. Amol Udit	
Mr. Abhimanyu	
Mr. Fernandis	
Mr. Robert	

Mr. Anil Kumar, well versed in legal and regulatory matters, is the Company Secretary of the company.

The information relating to foreign exchange earnings of EFBL in the previous four financial years is as under are:

Financial Year	Foreign Exchange Earnings (in USD)
2019-20	2,400,000
2020-21	2,500,000
2021-22	3,600,000
2022-23	4,000,000

With a view to enhance the production of beverages, EFBL imported a machinery costing ₹ 60,00,000 from a reputed manufacturer of Singapore. In accordance with the terms of payment, EFBL was required to repay the cost of machinery in five equal monthly installments which the company did satisfactorily. The machinery was delivered and thereafter, installed at the new factory site at Noida, UP.

The company is proposing to incur an amount of USD 7,500 on advertisement in foreign print media for the purpose of promotion of its beverages business globally. The company is also planning to donate USD 200,000 to a technical institution established in Chicago at USA for conducting advanced research in the field of beverages.

Mr. Jay Doshi along with his family had gone to Bhutan on a private visit. While returning to India, he brought with him Reserve Bank of India notes amounting to ₹ 75,000 in denomination of ₹ 100.

Ms. Geetika Devi often visits her son Swapnil who is settled in Michigan, USA. She came back to India from Michigan on July 02, 2021, spent some time with her younger son Kartik and her mother in New Delhi and left India again on September 05, 2021. She came back to India on November 30, 2021 but left for Michigan with her mother on December, 04, 2021 to get her medically treated. After her mother recovered from the

ailment she was suffering, Ms. Geetika Devi came back to India on April 25, 2022 and remained with her family in New Delhi till date. [Study material 24]

1	<p><b>From the case scenario, it is evident that EFBL imported a machinery costing ₹ 60,00,000 from a reputed manufacturer of Singapore and repaid the cost of imported machinery in five equal monthly installments. From the following options, choose the one which will apply in the given circumstances:</b></p> <p>(a) Import of machinery is a 'Capital Account Transaction' since the imported machinery is a fixed asset and shall be used for a long period by EFBL.</p> <p>(b) Import of machinery is a 'Current Account Transaction' since machinery shall be used in the production of saleable items like beverages, etc. by EFBL.</p> <p>(c) Import of machinery is a 'Current Account Transaction' since a short term credit facility in the ordinary course of business was availed by EFBL.</p> <p>(d) Import of machinery is a 'Capital Account Transaction' since a long term credit facility was availed by EFBL and the payment was made in more than three months.</p>
2	<p><b>According to the case scenario, Mr. Jay Doshi while returning to India, brought with him Reserve Bank of India notes amounting to ₹ 75,000 in denomination of ₹ 100. Which one of the following options is applicable in the given circumstances.</b></p> <p>(a) Mr. Jay Doshi is permitted to bring into India from Bhutan, Reserve Bank of India notes amounting to ₹ 75,000 in denomination of ₹ 100.</p> <p>(b) Mr. Jay Doshi is not permitted to bring into India from Bhutan, Reserve Bank of India notes exceeding ₹ 25,000 in denomination of ₹ 100.</p> <p>(c) Mr. Jay Doshi is permitted to bring into India from Bhutan, Reserve Bank of India notes of any amount without limit but only in denomination of ₹ 500.</p> <p>(d) Mr. Jay Doshi is not permitted to bring into India from Bhutan, Reserve Bank of India notes exceeding ₹ 10,000 in denomination of ₹ 100.</p>
3	<p><b>It is noticed from the case scenario that Ms. Geetika Devi, one of the Directors of EFBL, remained in India and also outside India on various dates. Which of the following options correctly determines her residential status in terms of the relevant provisions of the Foreign Exchange Management Act, 1999:</b></p> <p>(a) Ms. Geetika Devi is a person resident outside India for FY 2022-23 and a person resident in India for the FY 2023-24.</p> <p>(b) Ms. Geetika Devi is a person resident outside India for the FY 2022-23 and also for the FY 2023-24.</p> <p>(c) Ms. Geetika Devi is a person resident in India for the FY 2022-23 and also for the FY 2023-24.</p> <p>(d) Ms. Geetika Devi is a person resident in India for FY 2022-23 and a person resident outside India for the FY 2023-24.</p>
4	<p><b>Suppose EFBL is a Public Sector Undertaking and it desires to spend USD 7,500 for advertisement in foreign print media so that it may promote its beverages business globally. In such a situation, which one of the following options is applicable:</b></p> <p>(a) EFBL is permitted to spend USD 7,500 for advertisement in foreign print media relating to the stated purpose but only with the prior approval of the Reserve Bank of India.</p> <p>(b) EFBL is permitted to spend USD 7,500 for advertisement in foreign print media relating to the stated purpose without seeking any approval.</p> <p>(c) EFBL is permitted to spend USD 7,500 for advertisement in foreign print media relating to the stated purpose with the prior approval of the Ministry of Finance, Department of Economic Affairs.</p> <p>(d) EFBL is permitted to spend USD 7,500 for advertisement in foreign print media relating to the stated purpose with the prior approval of the Central Government through Regional Director.</p>

<b>5</b>	<p>From the case scenario, it is evident that EFBL is planning to donate USD 200,000 to a technical institution established in Chicago at USA for conducting advanced research in the field of beverages. From the following options, choose the one which is applicable in the given situation:</p> <p>(a) EFBL, not being a Government Company, is not permitted to donate any amount outside India.</p> <p>(b) EFBL is not permitted to donate more than USD 50,000 in a financial year even after seeking approval of the Reserve Bank of India.</p> <p>(c) EFBL is permitted to donate USD 200,000 but only with the prior approval of the Reserve Bank of India.</p> <p>(d) EFBL is not permitted to donate more than USD 75,000 in a financial year even after seeking approval of the Reserve Bank of India.</p>
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### Answers - Integrated Case Study 2

Q.No	Answer	
1	(c)	Import of machinery is a 'Current Account Transaction' since a short term credit facility in the ordinary course of business was availed by EFBL.
2	(a)	Mr. Jay Doshi is permitted to bring into India from Bhutan, Reserve Bank of India notes amounting to ₹ 75,000 in denomination of ₹ 100.
3	(a)	Ms. Geetika Devi is a person resident outside India for FY 2022-23 and a person resident in India for the FY 2023-24.
4	(b)	EFBL is permitted to spend USD 7,500 for advertisement in foreign print media relating to the stated purpose without seeking any approval.
5	(c)	EFBL is permitted to donate USD 200,000 but only with the prior approval of the Reserve Bank of India.

## Part C - FCRA

### Integrated Case Study - 3

Mohit did B.Tech from IIT, Mumbai. He intends to do MS from US. Based on his qualification and ranking in the B.Tech, he got the scholarship from a US Company with a condition that he has to serve in that US company for a period of 3 years after completing of MS.

Mohit's father Shyam Lal is a Member of Parliament (MP). The tenure of the Lok Sabha is going to end just after 6 months. The political party to which he is a member, has denied to give ticket to him in the forthcoming election. Shyam Lal planned to fight election in his individual capacity. He is having some connections with foreign friends of political backgrounds. He asked his son Mohit to contact them for fund raising in USD. At the time of election, funds so collected will be utilised for advertisement.

Shyam Lal's sister is residing in US. She on the occasion of Bhai-Dooj (a festival of Hindus after Diwali) sent USD 1,000 to his brother.

Shyam Lal went to US for official visit to study the road transportation system in US along with the Transport Minister. In US, Shyam Lal was offered hospitality by a transport company and provided free travelling and hotel stay.

[MTP-April 22]

<b>1</b>	<p><b>Mohit is collecting funds on behalf of his father for the forthcoming elections, which will be remitted to India. Whether such foreign contribution is permitted:</b></p> <p>(a) Mohit is student in US so whatever the amount he is collecting is exempted</p> <p>(b) Mohit is collecting the money in USD as a foreign contribution for the election of his father, hence it is prohibited</p> <p>(c) It is permitted if the Election Commission do not objects</p> <p>(d) It is permitted if the RBI have no objections</p>
<b>2</b>	<p><b>Shyam Lal's sister is residing in US. On the occasion of Bhai-Dooj (a festival of Hindus after Diwali) the sister has sent USD 1000 to Shyam Lal. State the correct statement in the light of acceptance of such Foreign Contribution by Shyam Lal:</b></p> <p>(a) Such foreign contribution by Shyam Lal's sister is prohibited</p> <p>(b) Such Foreign contribution from a relative is permitted</p> <p>(c) Foreign contribution from a relative can be accepted subject to the prior approval of the RBI</p> <p>(d) Foreign contribution from a relative can be accepted subject to the prior approval of the Enforcement Directorate</p>
<b>3</b>	<p><b>While on official visit, Shyam Lal availed hospitality from a transport company in US. Whether such activity is permitted:</b></p> <p>(a) Shyam Lal has not accepted any cash and the hospitality was in kind so it is permitted</p> <p>(b) Shyam Lal being a Member of Parliament, should not avail that hospitality since it is prohibited</p> <p>(c) Shyam Lal can enjoy the US tour since the Government of India has sent him there</p> <p>(d) Shyam Lal being a Member of Parliament should take prior permission of the Central Government before taking any foreign hospitality</p>

### Answers - Integrated Case Study 3

Q. No	Answer
<b>1</b>	<b>(b)</b> Mohit is collecting the money in USD as a foreign contribution for the election of his father, hence it is prohibited
<b>2</b>	<b>(b)</b> Such Foreign contribution from a relative is permitted
<b>3</b>	<b>(d)</b> Shyam Lal being a Member of Parliament should take prior permission of the Central Government before taking any foreign hospitality

### Integrated Case Study - 4

Manit persuaded his B.Tech studies from IIT, Kanpur. He plans to do MS from US. Based on his qualification and ranking in the B.Tech, he got the scholarship from a US Company with a condition that he has to serve in that US company for a period of 3 years after completing of MS.

Manit's father Shyam Lal is a Member of Parliament (MP). The tenure of the Lok Sabha is going to end just after 6 months. The associated political party this time denied him to give ticket in the forthcoming election.

Therefore, Mr. Shyam Lal planned to fight election in his individual capacity. He contacted with his many friends of political backgrounds. He asked Manit over there, to contact them for providing of funds. These funds so collected will be utilised, at the time of election, for campaigning.

Manit's paternal aunt, (father's sister) is residing in US. She on the occasion of his 25th marriage anniversary sent USD 1000 to his brother as token of love.

Mr. Ram, a construction company, was assigned with a project on the development of model transportation system with many basic and latest facilities under the Ministry of Transportation. Being a good friend of Mr. Shyam, he asked Mr. Shyam to take with him, visit to US as he was to go on for official visit to study the road transportation system in US on behalf of transportation ministry. In US, Shyam Lal was also offered hospitality and was provided free travelling and hotel stay. [MTP-Sep. 22]

<b>1</b>	<p><b>Who amongst the following, shall not be prohibited to accept foreign contribution;</b></p> <p>(a) Manit (b) Mr. Shyam, being a candidature for coming election (c) Mr. Shyam, being a member of legislature (d) Mr. Ram, being a government representative</p>
<b>2</b>	<p><b>Manit collected funds on behalf of his father for the forthcoming elections, which he remitted to India. Whether such foreign contribution is permissible:</b></p> <p>(a) Yes, as Manit is student in US so whatever the amount he is collecting is exempted, therefore such contribution is permissible. (b) No, as Manit is collecting the money in USD as a foreign contribution for the election of his father, hence it is prohibited. (c) Yes, it is permitted, if the Election Commission do not objects on the amount. (d) Yes, if it is permitted by the RBI, having no objections on such collection of fund for the election purpose.</p>
<b>3</b>	<p><b>Manit's Aunt residing in US, sent USD 1000 to Mr. Shyam Lal. Whether Shyam Lal can receive such foreign contribution:</b></p> <p>(a) No, as foreign contribution for a candidate for election is prohibited (b) Yes, subject to the prior approval of the RBI (c) Yes, subject to the prior approval of the Enforcement Directorate (d) Yes, Foreign contribution from a relative is permitted</p>
<b>4</b>	<p><b>While on official visit with Mr. Ram, Shyam Lal availed hospitality from a transport company in US. Whether such activity is permitted:</b></p> <p>(a) Shyam Lal has not accepted any cash and the hospitality was in kind so it is permitted (b) Shyam Lal being a Member of Parliament, should not avail that hospitality since it is prohibited (c) Shyam Lal can enjoy the US tour since the Government of India has sent him there (d) Shyam Lal being a Member of Parliament should take prior permission of the Central Government before taking any foreign hospitality</p>

#### Answers - Integrated Case Study 4

Q. No	Answer	
<b>1</b>	<b>(a)</b>	Manit
<b>2</b>	<b>(b)</b>	No, as Manit is collecting the money in USD as a foreign contribution for the election of his father, hence it is prohibited.
<b>3</b>	<b>(d)</b>	Yes, Foreign contribution from a relative is permitted



4	(d)	Shyam Lal being a Member of Parliament should take prior permission of the Central Government before taking any foreign hospitality
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### Integrated Case Study - 5

Sahayata Foundation is a company registered under section 8 of the companies Act, 2013, mainly engaged in the social activities of providing relief to poor people.

A Board Meeting was arranged on 30th April, 2022, which was attended by all the 10 directors of the company, to discuss on the formalities to be fulfilled with the respect to the amounts received or receivable by it, from various sources as under:

- (a) Jim Ltd. to contribute ₹ 10 lakhs, in which Government of US holds 50% and T-cap Ltd., an Indian Company, holds 49%, respectively, of the nominal value of its share capital. The foreign investment by US Government in Jim Ltd. was made beyond the limits specified under the FEMA, 1999.
- (b) Rasvil Ltd., in which Rasvil Inc., a UK company, holds more than 50% of nominal value of its share capital, to contribute ₹ 15 lakhs. The foreign investment by Rasvil Inc. in Rasvil Ltd. was made beyond the limits specified under the FEMA, 1999.
- (c) A specialized agency of the United Nations, to contribute ₹ 6 lakhs.
- (d) Mr. Christian, an Italian citizen, but a person resident in India, to contribute ₹ 9 lakhs. Also, Mr. Christian, gifted a wrist watch worth ₹ 60,000 each to two directors of Sahayata Foundation, as an acknowledgement to their efforts during the tough times of the pandemic Covid-19.
- (e) Care-covid Foundation, a Singapore based trust, to contribute ₹ 4 lakhs.
- (f) Saam Ltd., in which citizens of US and Canada, hold in aggregate 60% of nominal value of its share capital, to contribute ₹ 9 lakhs. The foreign investment by such citizens in Saam Ltd. was made within the limits specified under the FEMA, 1999.
- (g) Ksuit Inc., a French company, to contribute or pay ₹ 6 lakhs towards the cost of goods procured from Sahayata Foundation, in the ordinary course of business.
- (h) Interest of ₹ 3 lakhs has accrued on the earlier foreign contributions received by Sahayata Foundation, so deposited in the FCRA account with SBI.

One director of Sahayata Foundation, Mr. Jayesh, resigned from his offices on 20th May, 2022 and other director Mr. Mahesh, resigned from his office on 29th May, 2022, and the offices, both the directors, remained vacated for the remaining financial year.

On 1st June, 2022, a second half yearly board meeting of directors of Sahayata Foundation was called for, which was attended by 4 directors, with respect to discussion of the budget to be allocated for the expenses to be incurred for the purpose of administration of the company, which was decided at 30% of the total contributions received or receivable during the financial year 2022-23. The total contributions of ₹ 100 lakhs were estimated to be received during the financial year. [MTP- April 23]

1	<p><b>Which of the aforementioned persons can be considered as a 'Foreign source'?</b></p> <ol style="list-style-type: none"> <li>(a) Jim Ltd., Rasvil Ltd., Mr. Christian, Care-covid Foundation, Saam Ltd. and Ksuit Inc.</li> <li>(b) Jim Ltd., Rasvil Ltd., Mr. Christian, Care-covid Foundation and Ksuit Inc.</li> <li>(c) Jim Ltd., Rasvil Ltd., Mr. Christian and Care-covid Foundation</li> <li>(d) Jim Ltd., Rasvil Ltd., Care-covid Foundation and Ksuit Inc.</li> </ol>
2	<p><b>What shall be total amount of 'Foreign contribution' received or receivable by Sahayata Foundation during F.Y. 2022-23?</b></p> <ol style="list-style-type: none"> <li>(a) ₹ 41 lakhs</li> <li>(b) ₹ 50 lakhs</li> </ol>

	(c) ₹ 38 lakhs (d) ₹ 47 lakhs
3	<p><b>How much administrative expenses can be defrayed by Sahayata Foundation of the foreign contributions of ₹ 100 lakhs, received or receivable by it during F.Y. 2022-23, without prior approval and prior approval of which authority shall be required to defray admin expenses above the specified limit?</b></p> <p>(a) ₹ 50 lakhs and for defrayal of excess amount, prior approval of Central Government is necessary. (b) ₹ 20 lakhs and for defrayal of excess amount, prior approval of RBI is necessary. (c) ₹ 20 lakhs and for defrayal of excess amount, prior approval of Central Government is necessary. (d) ₹ 30 lakhs and for defrayal of excess amount, prior approval of its authorised dealer (i.e. SBI) is necessary.</p>

### Answers - Integrated Case Study 5

Q. No	Answer	
1	(b)	Jim Ltd., Rasvil Ltd., Mr. Christian, Care-covid Foundation and Ksuit Inc.
2	(a)	₹ 41 lakhs
3	(c)	₹ 20 lakhs and for defrayal of excess amount, prior approval of Central Government is necessary.

## Part D - IBC

### Integrated Case Study - 6

Vivaan Contractors Limited, a public company incorporated under the Companies Act, 2013 is engaged in engineering and construction business. Over the past 2 years, the company has been struggling to pay dues to its various stakeholders such as lenders of working capital, suppliers of material, subcontractors, etc. The amount lend by the lenders for working capital is secured by first charge over current assets including receivables and stock and fixed assets are provided as collaterals. Mr. Ravi, CFO being an authorized person to make an application, files for Corporate Insolvency Resolution Process (CIRP) to the Adjudicating Authority at Mumbai on 29<sup>th</sup> March 2021. The Adjudicating Authority admitted the application and passed an order for initiating CIRP under section 10 of the Insolvency and Bankruptcy Code (IBC) and accordingly declared moratorium under section 14 of the Code. The order passed by the Adjudicating Authority did not provide for the appointment of Interim Resolution Professional (IRP) and thus, Mr. Rahul was appointed as IRP by a separate order dated 30<sup>th</sup> April 2021. The said order copy was however received to Mr. Ravi on 3<sup>rd</sup> May 2021 and on the very same day Mr. Rahul was informed regarding his appointment. Subsequently, Mr. Rahul made a public announcement and took over the control of the assets of the Corporate Debtor.

[RTP-Nov. 21]

1	<p><b>As per the given facts in the case scenario, in which category the lenders for working capital would fall for the constitution of Committee of Creditors?</b></p> <p>(a) Financial Creditors (b) Secured Creditors (c) Either (a) or (b) (d) Both (a) and (b)</p>
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<b>2</b>	<p><b>What amongst the following is necessary for filing an application for CIRP by the authorized representative of Vivaan Contractors Limited?</b></p> <p>(a) Resolution passed by all the directors approving the filing of application.</p> <p>(b) Special resolution passed by shareholders of Corporate Debtor approving the filing of application.</p> <p>(c) Resolution passed by all the directors followed by approval through special resolution of shareholders of the Corporate Debtor.</p> <p>(d) Ordinary resolution passed by shareholders of Corporate Debtor approving the filing of application.</p>
<b>3</b>	<p><b>Which date shall be considered as the insolvency commencement date for the purpose of computing the time period for Corporate Insolvency Resolution Process?</b></p> <p>(a) 29<sup>th</sup> March 2021</p> <p>(b) 30<sup>th</sup> April 2021</p> <p>(c) 3<sup>rd</sup> May 2021</p> <p>(d) 6<sup>th</sup> May 2021</p>
<b>4</b>	<p><b>Which date shall be the last date of the completion of the Corporate Insolvency Resolution Process including any extension granted under section 12 of the Code.</b></p> <p>(a) 21<sup>st</sup> February 2022</p> <p>(b) 25<sup>th</sup> March 2022</p> <p>(c) 24<sup>th</sup> September 2021</p> <p>(d) 28<sup>th</sup> March 2021</p>
<b>5</b>	<p><b>Under the case scenario, by which date Mr. Rahul, Interim Resolution Professional should have the made the public announcement under section 15 of the Code.</b></p> <p>(a) 3<sup>rd</sup> May 2021</p> <p>(b) 30<sup>th</sup> April 2021</p> <p>(c) 6<sup>th</sup> May 2021</p> <p>(d) 5<sup>th</sup> May 2021</p>

#### Answers - Integrated Case Study 6

Q. No	Answer	
<b>1</b>	<b>(d)</b>	Both (a) and (b)
<b>2</b>	<b>(b)</b>	Special resolution passed by shareholders of Corporate Debtor approving the filing of application.
<b>3</b>	<b>(b)</b>	30 <sup>th</sup> April 2021
<b>4</b>	<b>(b)</b>	25 <sup>th</sup> March 2022
<b>5</b>	<b>(c)</b>	6 <sup>th</sup> May 2021

#### Integrated Case Study - 7

**Chitra Furnitures Ltd., is engaged in the business of manufacturing of wooden furniture and has been classified under the MSME sector. The company made a default under section 4 of the IBC.**

**The company put the matter of initiation of the pre-packaged insolvency resolution process (PPIRP) before the members for their approval, through a resolution.**

The financial creditors of the company proposed the name of Vidisha, as Resolution Professional for conducting the pre-packaged insolvency resolution process (PPIRP).

The directors of the corporate debtor have made a declaration, stating inter alia, that the corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within a definite time period.

An application for initiation of the PPIRP was made before the Adjudicating Authority, which was accepted.

[RTP-May 22]

1	<p><b>Which among the following is not the eligibility criteria for applying for initiation of PPIRP by the Corporate Debtor, if it:</b></p> <p>(a) Is eligible to submit a resolution plan under section 29A of the IBC          (b) Has not undergone a PPIRP during the 3 years preceding the initiation date          (c) Has completed a CIRP during the 3 years preceding the initiation date          (d) Is not required to liquidated by an order under section 33 of the IBC</p>
2	<p><b>The PPIRP may be made in respect of a corporate debtor, who commits a default subject to the condition that the majority of the directors of the corporate debtor have made a declaration, stating inter alia, that the corporate debtor shall file an application for initiating pre-packaged insolvency resolution process within a definite time period:</b></p> <p>(a) not exceeding 60 days          (b) not exceeding 90 days          (c) not exceeding 120 days          (d) not exceeding 150 days</p>
3	<p><b>An application for initiating PPIRP may be made in respect of a corporate debtor, who commits a default subject to the condition that the members of the corporate debtor have passed _____, approving the filing of an application for initiating pre -packaged insolvency resolution process:</b></p> <p>(a) An Ordinary Resolution          (b) A Simple Resolution          (c) A Special Resolution          (d) A Concurrent Resolution</p>
4	<p><b>The corporate debtor shall obtain an approval from its financial creditors, not being its related parties, representing _____ due to such creditors, for the filing of an application for initiating pre-packaged insolvency resolution process, in such form as may be specified:</b></p> <p>(a) less than 66% in value of the financial debt          (b) not less than 66% in value of the financial debt          (c) less than 66% in value of the operational debt          (d) not less than 66% in value of the operation debt</p>
5	<p><b>The Adjudicating Authority shall, within a period of _____ of the receipt of the application for initiation of PPIRP, by an order, admit the application, if it is complete; or reject the application, if it is incomplete:</b></p> <p>(a) 7 days          (b) 14 days          (c) 21 days          (d) 28 days</p>

## Answers - Integrated Case Study 7

Q. No	Answer	
1	(c)	Has completed a CIRP during the 3 years preceding the initiation date
2	(b)	not exceeding 90 days
3	(c)	A Special Resolution
4	(b)	not less than 66% in value of the financial debt
5	(b)	14 days

## Integrated Case Study - 8

DS Jewellers Ltd., a recent launched showroom, have taken a loan of amount 4 crore from ABC Bank Ltd. It defaulted in repaying the dues and so, the ABC Bank initiated application for Corporate Insolvency Resolution Process (CIRP) in NCLT. The NCLT accepted the application for initiation of CIRP. It appointed Ms. Nimmi as Resolution Professional (RP) and the moratorium was declared.

The RP, after collation of all claims received against DS Jewellers Ltd., (the corporate debtor) and determination of the financial position of the corporate debtor, constituted a Committee of Creditors (CoC). There were 6 members.

The first meeting of the CoC was held within 7 days of the constitution of the CoC. The Quorum of the meeting was present throughout the meeting and the Chairperson presided over the meeting.

The Chairperson of the meeting of the CoC drafted the minutes and circulated to all the participants. The RP appointed two registered valuers to find out the fair value and liquidation value of the company.

[RTP-Nov. 22]

1	<p><b>Ms. Nimmi, a Resolution Professional (RP) wants to convene CoC Meeting. State the requirement for valid holding of meeting of the Creditors:</b></p> <p>(a) RP shall convene a meeting of the Creditors as and when she considers necessary and if requested by the members of the committee representing 33% of the voting rights</p> <p>(b) RP shall convene a meeting of the Creditors if requested by the members of the committee representing 66% of the voting rights</p> <p>(c) RP shall convene a meeting of the Creditors by the members representing 75% of the voting rights</p> <p>(d) RP shall convene a meeting of the Creditors if requested by all of the members of the committee</p>
2	<p><b>What shall be the quorum of the meeting of creditors convened by the RP in the given scenario?</b></p> <p>(a) At least 33% of the total number of creditors are present</p> <p>(b) At least 33% of the voting right are present</p> <p>(c) At least 66% of the total number of creditors are present</p> <p>(d) At least 66% of the voting right are present</p>
3	<p><b>Who will act as Chairperson of the Committee of Creditors :</b></p> <p>(a) The Managing Director of the DS Jewellers Ltd</p> <p>(b) The Company Secretary of the DS Jewellers Ltd.</p> <p>(c) The Financial Creditor having the highest voting rights</p> <p>(d) Ms. Nimmi</p>
4	<p><b>What shall be notice period for calling of the CoC Meeting by Ms. Nimmi in the given case:</b></p>

	(a) three days' notice in writing. (b) not less than five days' notice in writing. (c) seven days' notice in writing. (d) within 48 hours of the scheduled meeting.
5	<b>For conduct of the CoC meeting, whom amongst the following shall be served the notice of the CoC meeting :</b> (a) members of Committee of creditors, including the authorized representatives (b) members of the Board of Directors of the corporate persons, (c) operational creditors or their representatives if the amount of their aggregate dues is less than ten per cent of the debt. (d) Financial and Operational creditors both

**Answers - Integrated Case Study 8**

Q. No	Answer	
1	(a)	RP shall convene a meeting of the Creditors as and when she considers necessary and if requested by the members of the committee representing 33% of the voting rights
2	(b)	At least 33% of the voting right are present
3	(d)	Ms. Nimmi
4	(b)	not less than five days' notice in writing.
5	(a)	members of Committee of creditors, including the authorized representatives

**Part E - Miscellaneous****Integrated Case Study - 1**

Oak Tree Software Limited, incorporated in Singapore, deals in development and distribution of software and related services. On establishing a place of business in India at Chennai, Tamil Nadu, the company prepared the following documents for submission to the Registrar having appropriate jurisdiction:

1. A certified true copy of the company's constitution originally framed in English.
2. Full address of the registered office of the company.
3. A list of the Directors and Secretary of the company containing the prescribed particulars.
4. The names and addresses of three persons resident in India authorised to accept on behalf of the company service of process and any notices or other documents required to be served on the company.
5. Full address of the office of the company in Chennai, Tamil Nadu. This office is deemed to be its principal place of business in India.
6. A signed declaration that none of the Directors of the company had ever been convicted or debarred from formation of companies and management in India or abroad.
7. A declaration that Oak Tree Software Limited was establishing a place of business in India for the first time and therefore, no particulars were available as regards opening and closing of a place of business in India on earlier occasions.

Following are the names of Directors and Company Secretary:

S. No.	Directors	Company Secretary
1.	Mr. Bob	Mr. Vipul Shah
2.	Mr. Thomas	
3.	Mr. Sumedh Soni	
4.	Mr. Anuj Subhash	
5.	Mrs. Alka Rege	
6.	Mrs. Vandana Vinit	
7.	Mr. Anvay Harshe	
8.	Mr. Ashok Tripathi	
9.	Mr. Ashish Tyagi	

Mr. Sumedh Soni had business interests in London. He left India for London on 1st September, 2021 for the purpose of looking after his business. He came back to India on 2nd December, 2021 to spend some time with his parents and left India on 5th February, 2022 and went back to London for carrying on his business on a large scale. He again visited India on 5th March, 2022 for attending certain meetings relating to his business and exploring other business opportunities which would enhance his marketing business in London and stayed in India till 15th November, 2022.

In fact, Mr. Sumedh Soni was not at all interested in the software business of Oak Tree Software Limited and due to his non-availability he had serious management disputes. Accordingly, he was prevailed upon by the other Directors to resign from his Directorship in Oak Tree and in his place Mr. Somnath was appointed as Director.

Later on, Mr. Somnath was designated as Managing Director of Oak Tree. Accordingly, the documents sent earlier to the office of the Registrar of Companies were altered.

Mr. Somnath is responsible for gathering business opportunities so that software business of Oak Tree get flourished. He often travels abroad for business purpose.

The entire team of Oak Tree is putting its best efforts to scale up the business operations in Singapore, India and other prominent countries. [Study Material 22]

1. Which one of the following options specifies the applicable Form and time period within which the Oak Tree Software Limited is required to submit the prescribed documents to the Jurisdictional Registrar of Companies on establishment of its place of business in Chennai, Tamil Nadu:
  - (a) Oak Tree Software Limited is required to submit Form GNL-1 within 30 days of establishment of its place of business in Chennai, Tamil Nadu to the ROC having jurisdiction over Kolkata.
  - (b) Oak Tree Software Limited is required to submit Form FC-1 within 30 days of establishment of its place of business in Chennai, Tamil Nadu to the ROC having jurisdiction over New Delhi.
  - (c) Oak Tree Software Limited is required to submit Form FC-2 within 60 days of establishment of its place of business in Chennai, Tamil Nadu to ROC having jurisdiction over Mumbai.
  - (d) Oak Tree Software Limited is required to submit Form FC-1 within 30 days of establishment of its place of business in Chennai, Tamil Nadu to ROC having jurisdiction over Chennai.
2. Suppose Oak Tree Software Limited after establishment of a place of business in Chennai, Tamil Nadu fails to deliver the required documents to the jurisdictional Registrar of Companies within the prescribed time. From the following options, choose the one which is applicable in the given situation:

	<p>(a) Oak Tree Software Limited shall be punishable with minimum fine of ₹ 3,00,000 and maximum of ₹ 5,00,000 and in case of continuing offence with an additional fine up to ₹ 50,000 for every day after the first during which the contravention continues.</p> <p>(b) Oak Tree Software Limited shall be punishable with minimum fine of ₹ 50,000 and maximum of ₹ 5,00,000 and in case of continuing offence with an additional fine up to ₹ 25,000 for every day after the first during which the contravention continues.</p> <p>(c) Oak Tree Software Limited shall be punishable with minimum fine of ₹ 2,00,000 and maximum of ₹ 5,00,000 and in case of continuing offence with an additional fine up to ₹ 50,000 for every day after the first during which the contravention continues.</p> <p>(d) Oak Tree Software Limited shall be punishable with minimum fine of ₹ 1,00,000 and maximum of ₹ 3,00,000 and in case of continuing offence with an additional fine up to ₹ 50,000 for every day after the first during which the contravention continues.</p>
3	<p><b>The case scenario states that there was change in Directorship with the appointment of Mr. Somnath in place of Mr. Sumedh Soni. Which one of the following options correctly specifies the Form and time period within which Oak Tree Software Limited is required to intimate to the jurisdictional Registrar in respect of such alteration in the documents filed earlier:</b></p> <p>(a) Oak Tree Software Limited is required to intimate to the jurisdictional Registrar in respect of alteration in the documents filed earlier in Form FC-2 within 30 days of alteration.</p> <p>(b) Oak Tree Software Limited is required to intimate to the jurisdictional Registrar in respect of alteration in the documents filed earlier in Form FC-2 within 60 days of alteration.</p> <p>(c) Oak Tree Software Limited is required to intimate to the jurisdictional Registrar in respect of such alteration in the documents filed earlier in Form FC-3 within 30 days of alteration.</p> <p>(d) Oak Tree Software Limited is required to intimate to the jurisdictional Registrar in respect of alteration in the documents filed earlier in Form FC-3 within 60 days of alteration.</p>
4	<p><b>Mr. Somnath, Managing Director of Oak Tree Software Limited is desirous of remitting USD 1,00,000 to his son Abhishek who is studying at OHIO University to meet expenses relating to his studies and maintenance at Athens, USA. From the following options, choose the one which is applicable in the current situation:</b></p> <p>(a) Mr. Somnath being a resident Indian is permitted to remit USD 50,000 immediately and thereafter remaining USD 50,000 in <u>two installments of USD 25,000 each in the second and third month.</u></p> <p>(b) Mr. Somnath being a resident Indian is permitted to remit USD 50,000 immediately and thereafter remaining USD 50,000 in the next quarter.</p> <p>(c) Mr. Somnath being a resident Indian is permitted to remit USD 1,00,000 immediately in one installment.</p> <p>(d) Mr. Somnath being a resident Indian is permitted to remit USD 50,000 immediately and thereafter remaining USD 50,000 after the expiry of six months.</p>
5	<p><b>Considering the relevant provisions of the Foreign Exchange Management Act, 1999, which of the following options correctly determines the residential status of Mr. Sumedh Soni for the FY 2022-23.</b></p> <p>(a) Mr. Sumedh Soni is to be treated as resident Indian since he was in India for more than 182 days in the FY 2022-23.</p> <p>(b) Mr. Sumedh Soni is to be treated as non-resident since he left India for the purpose of carrying on his business outside India in London.</p> <p>(c) Mr. Sumedh Soni is to be treated as resident but not ordinarily resident since he occasionally visited India.</p> <p>(d) The information provided in the case scenario is not sufficient to determine his residential status.</p>



## Answers - Integrated Case Study 1

Q. No	Answer	
1	(b)	Oak Tree Software Limited is required to submit Form FC-1 within 30 days of establishment of its place of business in Chennai, Tamil Nadu to the ROC having jurisdiction over New Delhi.
2	(d)	Oak Tree Software Limited shall be punishable with minimum fine of ₹ 1,00,000 and maximum of ₹ 3,00,000 and in case of continuing offence with an additional fine up to ₹ 50,000 for every day after the first during which the contravention continues.
3	(a)	Oak Tree Software Limited is required to intimate to the jurisdictional Registrar in respect of alteration in the documents filed earlier in Form FC-2 within 30 days of alteration.
4	(c)	Mr. Somnath being a resident Indian is permitted to remit USD 1,00,000 immediately in one installment.
5	(b)	The information provided in the case scenario is not sufficient to determine his residential status.

