

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 11

NOTE : Answer **ALL** Questions.

PART-I

1. Amit, originally from India, relocated to Germany in search of better career opportunities after completing his education. Over the next three decades, he worked diligently, building a successful career, and eventually acquired German citizenship. Despite his professional success abroad, Amit always felt a strong emotional connection to India and frequently thought about ways to contribute to his homeland in a meaningful way. His sense of social responsibility grew over time, and he envisioned using his wealth and experience to improve the lives of underprivileged people in India.

Amit's desire to make a difference was driven by a genuine desire to give back to society. After carefully researching various organizations and initiatives, he decided to visit India for two years on a business visa. During his stay, Amit sought to explore different avenues for contributing to social causes, particularly those focused on underprivileged communities in India. He also hoped to connect with individuals or organizations already making a positive impact.

It was during his visit that Amit reconnected with his childhood friend, Raghav. Unlike Amit, Raghav had stayed in India and dedicated his life to social work. Raghav was the founder of Noble Work Foundation, a non-profit organization established in 2014 and registered as a Section 8 company under the Companies Act, 2013. The foundation's mission was to address key social issues such as education for underprivileged children, healthcare support, and empowerment programs for marginalized communities.

As Amit learned more about the foundation's initiatives, he was deeply impressed by its impact on society. Noble Work Foundation had helped thousands of individuals through its various social welfare programs, and its mission resonated deeply with Amit's vision of contributing to India's development. Amit admired Raghav's commitment to social causes and the foundation's success in reaching out to those in need. This inspired Amit to become involved with the organization.

Amit's desire to contribute went beyond a financial donation. He recognized the value of using his international experience, strategic planning skills, and innovative ideas to help expand the foundation's work. Amit envisioned playing an active role in the organization by not only donating funds to support social projects but also becoming one of the directors of Noble Work Foundation. Additionally, Amit wanted to establish a branch office of Noble Work Foundation in Germany to expand the organization's reach and create greater international awareness for its cause.

However, before moving forward with his plans, Amit realized that he would need to navigate various legal and regulatory requirements, especially given his current status as a German citizen. Noble Work Foundation, being a non-profit organization under the Indian Companies Act, was subject to specific regulations related to foreign funding and foreign directorship. Amit also wanted to explore the possibility of converting Noble Work Foundation into a private limited company to broaden its scope for raising funds and expanding its operations.

To ensure that all transactions and legal formalities were handled appropriately, Amit sought the assistance of Vijay, a practicing Company Secretary, who could provide the necessary guidance on compliance with Indian laws regarding non-profit organizations, foreign funding, and directorship.

: 3 :

In view of the above, answer the following :

- (a) What exemptions are granted to Noble Work Foundation under the Companies Act, 2013 ?
- (b) What are the permissible sources through which Noble Work Foundation can raise funds to sustain and grow its operations ?
- (c) What is the procedure for Amit to become a Director of Noble Work Foundation ?
- (d) What approvals and compliance are required by Noble Work Foundation to establish a branch office in Germany ?
- (e) What is the procedure for the conversion of Noble Work Foundation into a private limited company ?

(3 marks each)

2. (a) A and B are partners in a partnership firm registered under the provisions of the Partnership Act, 1932. Due to B's declining health, he intends to introduce his elder son, who is a minor, into the partnership to receive the benefits of the firm. Is B allowed to do so under the Partnership Act, 1932 ? Additionally, upon reaching the age of majority, within what time frame must B's elder son decide whether to become a full partner in the firm ?

(3 marks)

- (b) Ava runs a home-based business making cakes and pastries and plans to open a shop with an expected annual turnover of ₹ 20 lakh. Does she need to get a registration or license from the Food Safety and Standards Authority of India (FSSAI) for her business ? If yes, which type of FSSAI approval does she need ?

(3 marks)

- (c) TelecomGlobal Ltd., a UK-based company, intends to set up a Project Office in the Andaman and Nicobar Islands, India, as part of its expansion into the telecommunications sector. The CEO of TelecomGlobal Ltd., James Anderson, seeks your advice on whether this establishment requires prior approval from the Reserve Bank of India (RBI), considering both the sector-specific regulations governing foreign direct investment in telecommunications and the geographical location of the Andaman and Nicobar Islands.

Does this establishment require prior approval from the RBI ?

(3 marks)

- (d) ABC Housing Finance Ltd., a newly established company, intends to register as a Housing Finance Company (HFC) under the National Housing Bank Act, 1987. The company meets all the eligibility criteria for registration, except for the Net Owned Fund (NOF) requirement, as its current NOF is ₹ 18 crore, which is below the required threshold.

Advise the company on the minimum NOF required for HFC registration and whether the company can seek an exemption from the National Housing Bank (NHB) regarding this requirement.

(3 marks)

- (e) A group of employees from a large company has pooled funds to establish a housing society in Delhi. While some members suggest registering the society under the Societies Registration Act, 1860, others oppose it due to concerns about ongoing compliance requirements and legal/financial costs.

What would be the consequences if the society is not registered under the Societies Registration Act, 1860 ?

(3 marks)

: 5 :

3. (a) Divakar and Raina, two individuals, have established a Limited Liability Partnership (LLP) to conduct business in computer hardware and peripherals at Nehru Place, New Delhi. They are now seeking guidance on drafting the LLP agreement. Advise them on the contents that should be included in the LLP agreement.
- (b) SPM Ltd. and BRB Ltd. wish to form a new company in the name of BNPM Ltd. for the purpose of manufacturing different types of inks in India. Both companies seek your advice on the key issues which must be kept in mind while drafting the Shareholder's Agreement (SHA). Advise them.
- (c) Ramanlal, the promoter and director of a One Person Company (OPC) engaged in manufacturing and selling electronic gadgets, wishes to participate in a government tender related to his business. However, the tender eligibility criteria only allow registered private limited and public limited companies to participate.
- Can Ramanlal convert his OPC into a private limited company in order to meet these eligibility requirements ? What steps should he follow to make the conversion ?
- (d) Moonlight Inc., a USA-incorporated company, has a branch office in Surat, India, and the company intends to close it.
- Advise on the procedure for closing the branch office in India, including necessary legal and regulatory steps.
- (e) VRS Finance Ltd., a non-banking financial company, has ceased to operate as a non-banking financial institution in India. The Reserve Bank of India (RBI) has subsequently revoked the certificate of registration issued to VRS Finance Ltd.
- Referring to the applicable statutory provisions, assess the legality and justification of the RBI's decision to cancel the certificate of registration granted to VRS Finance Ltd.

(3 marks each)

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

4. (a) What are the eligibility criteria for a start-up to apply for Angel Tax exemption after obtaining recognition ?
- (b) What restrictions have been introduced concerning the use of the term "Nidhi Limited" in a company's name under the Nidhi (Amendment) Rules, 2024 ?
- (c) What are the main advantages of using a Special Purpose Vehicle (SPV)?
- (d) Explain the objectives of the National SC-ST Hub Scheme.
- (e) What is the importance of linking the Permanent Account Number (PAN) with Aadhaar ?

(3 marks each)

OR (Alternative question to Q. No. 4)

- 4A. (i) Differentiate between the Start-up India Seed Fund Scheme (SISFS) and the Credit Guarantee Scheme for Start-ups (CGSS).
- (ii) Is the concept of Significant Beneficial Owner (SBO) applicable to Limited Liability Partnerships (LLPs) ? What are the criteria for identifying an SBO in the context of an LLP ?
- (iii) How the recent regulatory changes impacted the registration process for foreign companies establishing a business in India ?
- (iv) What are the advantages of a Multi-State Co-Operative Society ?
- (v) State the procedure for obtaining NOC from Pollution Control Board.

(3 marks each)

PART-II

5. Odisha Coal Mining Ltd. (OCML) contracted external parties for the transportation of crushed coal between 1984 and 1994. To carry out various essential tasks such as coal spill removal, equipment operation, and railway siding maintenance, the contractors employed 32 workers. These tasks were integral to OCML's operations and needed to be performed consistently as part of the company's daily functioning.

The workers, represented by the OCML Coal Mines Workers' Union, sought regularization of their employment. The union argued that the nature of the work being done was not temporary but rather permanent and ongoing, which should have entitled these workers to regular employment rather than being outsourced to contractors. They also invoked the National Coal Wage Agreement-IV (NCWA-IV), which, in its terms, prohibited the outsourcing of work that was permanent and essential to the company's operations.

Specifically, the NCWA-IV, dated July 27, 1989, aimed to protect workers in permanent roles from being replaced with casual or contract workers.

In response to the union's demands, the Assistant Labour Commissioner initiated a conciliation process, which led to a settlement on April 5, 1997, under Rule 58 of the Industrial Disputes (Central) Rules, 1957. According to this settlement, 19 out of the 32 workers were regularized as General Mazdoors. However, 13 workers were excluded from this regularization and were classified by OCML as 'casual workers,' rather than as permanent workers.

The exclusion of the 13 workers led to disputes between the union and OCML, which were referred to the Industrial Tribunal. The core issue before the Tribunal was whether the 13 excluded workers were engaged in work of a perennial nature, similar to the tasks carried out by the 19 workers who were regularized. The Tribunal examined testimonies from various sources, including OCML's personnel manager, who acknowledged that all 32 workers performed identical tasks, which were vital to the daily operations of OCML.

After reviewing the evidence, the Tribunal ruled on May 23, 2002, that the exclusion of the 13 workers was unjustified. It directed OCML to regularize their employment and pay them back wages for the period of their wrongful exclusion. OCML, dissatisfied with the Tribunal's decision, challenged it in the Orissa High Court. The company argued that the 1997 settlement was binding and that the Tribunal lacked jurisdiction to alter its terms. However, the High Court dismissed OCML's petition, affirming the Tribunal's decision. The court noted that all 32 workers had been engaged in the same essential and perennial tasks, and therefore, the settlement could not be used as a basis to deny regularization to the excluded workers. The High Court also dismissed a subsequent review petition filed by OCML on November 11, 2021.

Following this, OCML appealed to the Supreme Court, raising the following key points :

- That the 1997 settlement was binding on all parties under Section 19(2) of the Industrial Disputes Act, 1947, as it had not been terminated or modified.
- That the 13 excluded workers were engaged in 'casual' work, which was different from the 'perennial' tasks performed by the 19 regularized workers.
- That the Tribunal had erred in awarding back wages, as there was no evidence of the workers being unemployed during the period in question. OCML cited the case of J.K. Synthetics Ltd. v. K.P. Agrawal [(2007) 2 SCC 433] in support of their argument.

The Union countered these arguments by emphasizing that :

- All 32 workers had performed the same essential tasks for OCML, making their work undeniably permanent in nature.
- Their duties were continuous and integral to the company's coal transportation process, and as such, should be treated as part of the company's regular operations.

: 9 :

- The exclusion of the 13 workers from regularization was arbitrary, unjust, and violated principles of fairness and equity.
- The workers were entitled to back wages because they had been wrongfully denied regular employment, which had caused them financial harm.

In view of the above, answer the following :

- (a) What principles govern the regularization of contract labour, and under what conditions can contract workers seek regular employment under the provisions of the Contract Labour (Regulation & Abolition) Act, 1970 ?
- (b) X, a worker, served as a contract worker in the company for 26 years. If he retires, how would his gratuity be calculated under the Payment of Gratuity Act, 1972 ? Assume X's last drawn salary (Basic + DA) is ₹ 40,000.
- (c) What are the fundamental rights of employees and the responsibilities of an employer to ensure compliance with labour laws ?
- (d) State the conditions stipulated for award of back wages under the Payment of Wages Act, 1936.

(5 marks each)

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

6. (a) Ramesh Kumar Gupta, a Director of 'Flavors of Delhi Private Ltd.,' a prominent restaurant business located in Connaught Place, Delhi, employs 20 male staff members. He has approached you, a practicing Company Secretary, for your opinion on the following :
 - (i) Whether Flavors of Delhi Private Ltd. is required to establish an Internal Complaints Committee (ICC) under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.
 - (ii) What should be the composition of the ICC, given that there are no female employees in the organization ?

(3 marks)

- (b) SKY Enterprises, a newly registered firm, intends to start a small manufacturing unit and will operate with only 25 workers. The management of SKY Enterprises is concerned about the compliance burden related to maintaining various registers and submitting multiple returns under different labour laws. The newly appointed HR head has come across the Simplification of Procedure for Furnishing Returns and Maintaining Registers by Certain Establishments Act, 1988, and believes the firm may be eligible for an exemption as a small establishment.

Based on the provisions of this Act, answer the following questions :

- (i) What are the eligibility criteria for SKY Enterprises to avail the exemption under this Act ?

(2 marks)

- (ii) Which specific labour laws are covered under the First Schedule for this exemption ?

(3 marks)

- (c) Ravi Kumar has been employed at XYZ Private Ltd. for the past 12 years and is a member of the Employees' Provident Fund (EPF). Due to financial difficulties, he has taken a personal loan of ₹ 5,00,000 from a bank. To repay this loan, he wishes to withdraw a portion of his EPF balance and has submitted an application to the Employees' Provident Fund Organization (EPFO).

Based on the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, answer the following questions :

- (i) Is Ravi Kumar allowed to withdraw his EPF balance to repay a personal loan ?

(2 marks)

- (ii) Under what circumstances can an employee withdraw EPF funds before retirement ?

(3 marks)

- (d) A newly incorporated company obtained ESI registration through a single-window licensing system and initially employed 25 workers. However, after two years, the workforce decreased to 20 employees. The company received a notice from the Employees' State Insurance (ESI) department for failing to file ESI returns. The company argues that ESI no longer applies due to the reduced number of employees. Is this argument valid under the Employees' State Insurance Act, 1948 ?

(5 marks)

OR (Alternative question to Q. No. 6)

- 6A. (i) What is meant by 'set on and set off' of allocable surplus under the Payment of Bonus Act, 1965 ?
- (ii) What is the significance of contract of apprenticeship under the Apprentices Act, 1961 ?
- (iii) Analyze the provisions related to nursing breaks and creche facilities under the Maternity Benefit Act, 1961.
- (iv) Examine the constitutional meaning, scope and legal implications of the term 'begar' as prohibited under Article 23 of the Constitution of India.

(5 marks each)

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