



PAPER – 2: CORPORATE AND OTHER LAWS

PART – I: AMENDMENTS FOR MAY 2025 EXAMINATIONS

The Study Material (July 2024 edition) is applicable for May 2025 examinations. This study material is updated for all amendments till 30th June, 2024.

All relevant amendments/ circulars/ notifications etc. in the Company law part for the period 1st May, 2024 to 31st October, 2024 are mentioned below:

THE COMPANIES ACT, 2013

Chapter 11: Companies Incorporate Outside India

Notification G.S.R 491(E) dated 12th August, 2024

The Central Government has amended the Companies (Registration of Foreign Companies) Rules, 2014, through the Companies (Registration of Foreign Companies) Amendment Rules, 2024.

Amendment:

In the Companies (Registration of Foreign Companies) Rules, 2014,-

- (i) in rule 3, in sub-rule (3), for the word, "registrar", the words, "Registrar, Central Registration Centre" shall be substituted.
- (ii) in rule 8, in sub-rule (1), the following proviso shall be inserted, namely:-
"Provided that the documents for registration by a foreign company referred to in sub-rule (3) of rule (3) shall be delivered in Form FC-1 to the Registrar, Central Registration Centre."

[Enforcement Date: 9th September, 2024]

For (i) Pg 11.6

Form, procedure and time for making application and submission of prescribed documents: According to the Companies (Registration of Foreign Companies) Rules, 2014, the above information shall be filed with the **Registrar** within 30 days of the establishment of its place of business in India, in Form *FC-1* along with prescribed fees and documents required to be furnished as provided in section 380(1). The application shall also be supported with an attested copy of approval from the Reserve Bank of India under the Foreign Exchange Management Act or Regulations, and also from other regulators, if any, approval is required by such foreign company to establish a place of business in India or a declaration from the authorised representative of such foreign company that no such approval is required.

For (ii) Pg 11.7

Proviso to rule 8(1) is newly inserted.

PART – II: QUESTION AND ANSWERS



QUESTIONS

DIVISION A: MULTIPLE CHOICE QUESTIONS

Case Scenario 1

Shilpi and Shilpa, both known for their close friendship since college days, along with other close friends, incorporated a company named Baking Point Limited with its Registered Office in Connaught place, New Delhi. The company served chocolates, various types of cakes, pastries, rolls, etc. Their products and clients demonstrated testimony to over 10 years of service in this field. With over 50 branches in New Delhi and adjoining areas of National Capital Region (NCR), the products were embodiment of elegance; a sanctuary where flavours inter-twined and cherished moments came alive. Shilpi was the Chief Managing Director (CMD) whereas Shilpa was the Whole-time Director (WTD).

In addition to Shilpi and Shilpa, Baking Point Limited, ever proud of having a sincere management team, had Prabhat as the Director (Research & Development), Sahil as Director (Marketing), Vikalp as Director (Production) and Sukanya as Director (Finance). The company maintained and kept all the statutory registers at its registered office in Connaught Place.

Understanding the need and power of information technology and also giving due weightage to the demand of changing laws and considering trend of the society, Baking Point Limited availed the services of an Internet Service Provider (ISP) known by the name Etherwaves Tele-communications Private Limited, located in Chandigarh, India, which offered the company with high speed internet that was required for business application like cloud data back-up and tele-conferencing. It was thought that this magnificent and progressive step would help company's business to connect with the customers spreading across the nation as well as abroad. Even the employees of the company would be able to connect from anywhere to collaborate with their teams. The company had also registered its Unique Web Address www.bakingpoint.com for its website. With this development, Baking Point

Limited started maintaining its books of account and other relevant papers in the electronic mode.

In order to reinforce loyalty among the shareholders, the directors of Baking Point Limited thought of issuing Bonus Shares in the ratio of 1:2 to the shareholders and in the process passed a resolution to this effect at the meeting of Board of Directors which was held on December 6, 2024. They felt that issue of Bonus Shares would use internal resources more efficiently and also this strategy would serve as an alternative to dividend payout at no extra cost. The issue of Bonus Shares was approved at the Extra-ordinary General Meeting held on January 9, 2025. The record date, i.e. the cut-off date being January 23, 2025, was set by the company to determine the eligibility of the shareholders for getting bonus shares. In order to proceed with the issue of Bonus Shares, the Register of Members was closed for twelve days by giving previous notice of fifteen days and an advertisement in this respect was also published.

At the time of declaration of Bonus issue, following was the position of some of the important figures as they appeared in the Balance Sheet:

S. No.	Particulars	Amount (₹ in crore)
1.	Authorised Share Capital (one crore equity shares of ₹ 10 each)	10
2.	Paid-up Equity Share Capital (50 lakh equity shares of ₹ 10 each)	5
3.	Free Reserves	2.10
4.	Securities Premium Account	0.30
5.	Capital Redemption Reserve Account	0.25
6.	Revaluation Reserve created by revaluation of fixed assets	1.50

Extract of Balance Sheet as at March 31, 2024

The accounts relating to the Financial Year 2023-24 were duly audited by Raghvan & Associates of New Delhi and the requisite documents required to be submitted to the jurisdictional Registrar of Companies were duly filed in time under the supervision of whole-time Company Secretary Cyra Murthi.

Solve the MCQs (1-7) on the basis of the Companies Act, 2013.

1. According to the above Case Scenario, Baking Point Limited closed its Register of Members for twelve days in connection with the issue of Bonus Shares to its shareholders. You are required to choose the correct option from those stated below as to the maximum time limit for which the Register of Members can be closed at any one time at a stretch by Baking Point Limited?
 - (a) Though Baking Point Limited closed its Register of Members for twelve days in connection with the issue of Bonus Shares to its shareholders, yet it is permitted to close the said Register maximum for a period not exceeding forty-five days at any one time at a stretch.
 - (b) Though Baking Point Limited closed its Register of Members for twelve days in connection with the issue of Bonus Shares to its shareholders, yet it is permitted to close the said Register maximum for a period not exceeding twenty days at any one time at a stretch.
 - (c) Though Baking Point Limited closed its Register of Members for twelve days in connection with the issue of Bonus Shares to its shareholders, yet it is permitted to close the said Register maximum for a period not exceeding thirty days at any one time at a stretch.
 - (d) Though Baking Point Limited closed its Register of Members for twelve days in connection with the issue of Bonus Shares to its shareholders, yet it is permitted to close the said Register maximum for a period not exceeding sixty days at any one time at a stretch.
2. Baking Point Limited declared issue of Bonus Shares in the ratio of 1:2 to its shareholders. Which one of the following resources Baking Point Limited was not permitted to capitalize for issuing Bonus Shares? Considering the applicable provisions, you are required to choose the correct option from those given below:

- (a) For issuing Bonus Shares, Baking Point Limited was not permitted to capitalise the amount of ₹ two crore ten lakh lying to the credit of free reserves.
 - (b) For issuing Bonus Shares, Baking Point Limited was not permitted to capitalise the amount of ₹ thirty lakh shown by Securities Premium Account.
 - (c) For issuing Bonus Shares, Baking Point Limited was not permitted to capitalise the revaluation reserves of ₹ one crore fifty lakh created by the Revaluation of Assets.
 - (d) For issuing Bonus Shares, Baking Point Limited was not permitted to capitalise the amount of ₹ twenty-five lakh lying to the credit of Capital Redemption Reserve Account.
3. It is evident from the above Case Scenario that Baking Point Limited closed its Register of Members for the first time in the year 2025 for twelve days for the purpose of issuing Bonus Shares to its shareholders. Maximum for how many times and for how much period or periods, a company is permitted to close its Register of Members in each year? Considering the relevant provisions, you are required to choose the correct option from those mentioned below:
- (a) In each year, a company is permitted to close its Register of Members for one time or more than one time and also for any period or periods but in the aggregate such period or periods of closure shall not exceed forty-five days.
 - (b) In each year, a company is permitted to close its Register of Members for one time or more than one time and also for any period or periods but in the aggregate such period or periods of closure shall not exceed sixty days.
 - (c) In each year, a company is permitted to close its Register of Members for one time or more than one time and also for any period or periods but in the aggregate such period or periods of closure shall not exceed ninety days.

- (d) In each year, a company is permitted to close its Register of Members maximum for two times and such period or periods of closure in the aggregate shall not exceed one hundred days.
4. Baking Point Limited issued Bonus Shares to its shareholders in a 1:2 ratio. Which of the following statements is true regarding the issuance of Bonus Shares?
- (a) Bonus Shares can be issued only if authorized by the Articles of Association (AOA) of the company.
- (b) Bonus Shares can be issued without the approval of the Board of Directors.
- (d) Bonus Shares must be issued in exchange for additional capital contribution from shareholders.
- (d) Bonus Shares are issued at a price lower than the market value.
5. Baking Point Limited declared a final dividend for the financial year 2023-24 at its Annual General Meeting (AGM). As per the Companies Act, 2013, what should the company do if a shareholder does not claim the dividend within 30 days of declaration?
- (a) The company must immediately transfer the amount to the Investor Education and Protection Fund (IEPF).
- (b) The company must transfer the unpaid dividend to a special Unpaid Dividend Account within 7 days from the expiry of 30 days.
- (c) The dividend remains with the company until the shareholder claims it.
- (d) The company must cancel the dividend and credit the amount to its free reserves.
6. As per the Companies Act, 2013, for how long must Baking Point Limited retain its Books of Account and other financial records in electronic mode?
- (a) 3 years
- (b) 5 years
- (c) 8 years

- (d) Indefinitely
7. Suppose now, Baking Point Limited wants to appoint an Internal Auditor to review its operations and compliance. As per the Companies Act, 2013, which of the following statements is correct?
- Appointment of an Internal Auditor is mandatory for all companies.
 - An Internal Auditor must be a Chartered Accountant (CA) in practice.
 - The Internal Auditor may be a Chartered Accountant (CA) or Cost Accountant (CMA) or any other professional decided by the Board.
 - The Internal Auditor must be appointed by the shareholders through a special resolution.

Independent MCQs

8. XYZ LLP, a well-established limited liability partnership, had two designated partners, Aditi and Rajiv. On 15th January, 2025, Rajiv resigned due to personal reasons, leaving Aditi as the only designated partner in the LLP. The remaining partners were aware of their responsibility to appoint a new designated partner as per the requirement of the Limited Liability Partnership (LLP) Act, 2008. However, due to internal disagreements, they failed to appoint a new designated partner within the prescribed time frame.

On 20th February 20, 2025, the Registrar of Companies (ROC) issued a notice to XYZ LLP, seeking clarification on its compliance status regarding the appointment of the designated partner.

As per the LLP Act, 2008, choose the correct option if XYZ LLP fails to appoint a second designated partner within the prescribed time period.

- The LLP will automatically be dissolved by the ROC, if one more designated partner is not appointed by 30th January 2025.
- Aditi will be removed as the designated partner, and the LLP will be treated as a normal partnership firm.

- (c) If one more designated partner is not appointed within 30 days of a vacancy, each partner of XYZ LLP will be deemed a designated partner and will be held responsible for compliance requirements.
 - (d) XYZ LLP will be fined ₹ 10,00,000 immediately for non-compliance, and the ROC will appoint all new designated partners.
9. Pranab, an Indian citizen and a software engineer, was working for a multinational IT firm based in Singapore for over eight years. During his tenure, he accumulated substantial savings in his Singapore bank account and invested in a few properties there. With a plan to permanently return to India, he decided to sell one of his properties and transfer the proceeds to his newly opened bank account in India. Simultaneously, Pranab's employer deputed him to India for a critical software development project for three years, effective from January 2023. His salary was credited to his Indian bank account.
- Now, Pranab wishes to transfer the proceeds from selling his property in Singapore to his bank account in India. As per the provisions of the Foreign Exchange Management Act, 1999, which of the following statements is most accurate regarding his ability to do so?
- (a) He can freely transfer the full amount without any restrictions as he is now an Indian resident.
 - (b) He cannot transfer the amount at all since the property was acquired outside India.
 - (c) He can freely transfer the funds if the property was purchased while he was a resident outside India.
 - (d) He needs prior RBI approval irrespective of how the property was acquired.
10. Ms. Kanika Tripathi, an accomplished classical dancer, has been invited by Oxford University to perform at a cultural event. She seeks to withdraw USD 75,000 for tour expenses. What is the most likely restriction on this transaction under the Foreign Exchange Management Act, 1999 (FEMA) and its guidelines?
- (a) She must obtain prior approval from the Reserve Bank of India (RBI) before withdrawing foreign exchange for cultural tours.

- (b) She can withdraw foreign exchange freely within the limits prescribed under the Liberalized Remittance Scheme (LRS) or relevant FEMA guidelines.
- (c) Foreign exchange withdrawal for cultural performances is prohibited under FEMA.
- (d) She must first obtain a visa before withdrawing foreign exchange.

Descriptive Questions

11. Grab Ltd., an unlisted company, intends to make a public offer of securities. However, they are not sure about the compliance requirements for issuing securities in dematerialised form. You being an expert, guide Grab Ltd, on the relevant provisions of the Companies Act, 2013 and whether Grab Ltd. is eligible to issue its securities?

12. Shenoy Limited is a company with an authorized share capital of 20,00,000 equity shares of ₹100 each. At the Annual General Meeting (AGM), the shareholders proposed to reduce the face value of each share from ₹100 to ₹10 and correspondingly increase the number of shares from 20 lakh to 2 crore, keeping the total authorized share capital unchanged.

Analyse whether the request of the shareholders is considerable and if so, how the company can alter its share capital as per the provisions of the Companies Act 2013?

13. Excel Pvt. Ltd. received ₹50 lakh from Mr. Giver. Mr. Giver was a director of the company at the time of the transaction. However, Mr. Giver did not submit any written declaration stating that the amount was not given out of borrowed funds. The company utilized the said funds for business expansion and disclosed the receipt of money in the Board's report.

Considering the provisions of the Companies Act, 2013, assess the following situations:

1. Was Excel Pvt. Ltd. compliant with the requirements w.r.t acceptance of the money from Mr. Giver?

2. If Mr. Giver had given the money out of funds borrowed from another person, whether this amount will be considered as deposit?
14. Madan Pvt. Ltd. is a partially owned subsidiary of Puri Ltd., holding 90% of its shares. The company does not have any listed securities and is not in the process of listing on any stock exchange. Puri Ltd., the holding company, prepares and files consolidated financial statements (CFS) with the Registrar in compliance with applicable Accounting Standards.

Considering the above, analyze and examine the following situations:

1. Is Madan Pvt. Ltd. required to prepare its own consolidated financial statements? What are the requisite conditions for the same?
2. How does it matter, if Madan Pvt. Ltd. had securities listed on a recognized stock exchange?
15. ABC Pvt. Ltd. is a One Person Company (OPC) incorporated in 2024. The company has not appointed a company secretary due to its small scale of operations. At the end of the financial year 2024-25, the company needs to file its annual return. The director in state of dilemma, consulted the company law expert whether they need to submit a full-fledged annual return or an abridged version and who should sign the document.

Based on the provisions of the Companies Act, 2013, advise on the following:

- (i) What form should ABC Pvt. Ltd. use to file its annual return?
- (ii) Who is authorized to sign the annual return?
16. M/s Sharma & Associates is an audit firm with two partners, Mr. Sharma and Mr. Raj. Mr. Raj is also a partner in another audit firm, M/s Mehta & Associates. M/s Sharma & Associates was appointed as the statutory auditor for Bright Future Ltd. (listed company, on which provisions related to rotation of auditor apply) for two consecutive terms of 5 years each, from 2017 to 2027.

If Bright Future Ltd. now wants to appoint M/s Mehta & Associates as its audit firm, can it do so? If not, when will the restriction be lifted?

The Limited Liability Partnership Act, 2008

17. JEET LLP is a small scale consulting firm. For the financial year 2024-25, the firm reported a total contribution of ₹ 20 lakh and an annual turnover of ₹ 35 lakh as per its Statement of Accounts and Solvency. The LLP intends to avail benefits granted to small LLPs under the Limited Liability Partnership Act, 2008.
- (a) Based on the given financial details, determine whether JEET LLP qualifies as a "Small LLP" under the LLP Act, 2008.
 - (b) If JEET LLP plans to expand its business and projects and resulting turnover exceeding ₹ 50 crore in the next financial year, determine the legal position as to the nature of the LLP as a "Small LLP".

The General Clauses Act, 1897

18. Mr. N is caught stealing a bicycle, an offense punishable under the Indian Penal Code. According to Section 379 of the IPC, the punishment for theft was charged against him. Elaborate how the term "imprisonment" levied under the General Clauses Act, 1897, can be applied in line with the relevant law specified in the IPC?

Interpretation of Statutes

19. What is the meaning and legal significance of the principle "*generalia specialibus non derogant*"? Explain with an example.

The Foreign Exchange Management Act, 1999

20. (i) Mr. Amrish has been admitted to a postgraduate program at a foreign university and intends to join soon. The annual course fee is approximately ₹ 3,50,000. Kindly advise his parents on how they can make the remittance for the fees under the provisions of the Foreign Exchange Management Act (FEMA), 1999.
- (ii) After completing his studies, Mr. Amrish is employed by a joint venture of a foreign company in India. The company intends to send him on deputation to handle business operations abroad. His family resides in India, and he would like to know if he can remit his salary to support their maintenance in India. Advise Mr. Amrish as per the provisions of the Foreign Exchange Management Act, 1999.

**SUGGESTED ANSWERS****Multiple Choice Questions**

MCQ No.	Most Appropriate Answer
1.	(c)
2.	(c)
3.	(a)
4.	(a)
5.	(b)
6.	(c)
7.	(c)
8.	(c)
9.	(c)
10.	(b)

Descriptive Questions

11. The given issue is based on section 29 of the Companies Act, 2013 read with the relevant 9A (Issue of securities in dematerialised form by unlisted public companies) of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Section 29 deals with the Public Offer of Securities to be in dematerialized form. It provides that every company making a public offer and such other class or classes of companies as may be prescribed, have to issue their securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and regulations made under it.

Sub-section 1A provides that in case of prescribed class/classes of unlisted companies, the securities shall be held or transferred only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and regulations made under it.

Accordingly, in the given case, Grab Ltd., an unlisted company, if it falls in the prescribed classes of companies, have to comply with the provisions given under section 29(1A) and the relevant Rule 9A of Companies (Prospectus and Allotment of Securities) Rules, 2014. Grab Ltd. must ensure that its securities are issued and transferred in dematerialised form in compliance with the Depositories Act, 1996.

- 12.** According to section 61(1)(d) of the Companies Act, 2013 (the Act), a limited company having a share capital may, if so authorised by its articles, alter its memorandum in its general meeting to sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

Section 64 of the Act states that a company shall, within 30 days of its share capital having been altered in the manner provided in section 61(1), give notice to the Registrar in the prescribed form along with an altered memorandum.

In the given situation, shareholders of Shenoy Limited, in the AGM requested the company to reduce the face value of each share (from ₹ 100 to ₹ 10) and increase the number of shares than fixed by the memorandum (i.e. from 20 Lakh to 2 crore).

According to the above provision, Shenoy Limited, having authorized capital of 20,00,000 equity shares (face value ₹ 100 each) can reduce the face value of each share to ₹ 10 each and increase the shares to 2,00,00,000 [thereby keeping the total amount of authorized share capital to ₹ 20,00,00,000], if authorised by the articles of association. Hence, the request of the shareholders can be considered.

The company has to alter its memorandum in its general meeting as per the procedure contained in section 13 of the Companies Act, 2013 and give notice to the Registrar along with an altered memorandum.

- 13.** According to Rule 2(1)(c) of the Companies (Acceptance of Deposit) Rules, 2014, following categories of amounts, inter alia, are not considered as deposit:

Any amount received from a person who, at the time of the receipt of the amount, was a director of the company or a relative of the director of the private company;

However, the director of the company or relative of the director of the private company, as the case may be, from whom money is received, is required to furnish to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and the company shall disclose the details of money so accepted in the Board's report.

Accordingly,

1. Excel Pvt. Ltd. failed to obtain a written declaration from Mr. Giver at the time of receiving the amount. The declaration is mandatory to confirm that the funds are not borrowed or sourced from loans or deposits from others. Therefore, Excel Pvt. Ltd. was not in compliance with the requirements w.r.t acceptance of the money from Mr. Giver.
 2. If Mr. Giver had given the money out of funds borrowed from another person, the transaction would not be eligible under an exempted category under the Companies Act, 2013. Consequently, Excel Pvt. Ltd. would treat such an amount as a deposit.
- 14.** As per section 129 of the Companies Act, 2013, where a company has one or more subsidiaries or associate companies, it shall (in addition to financial statements prepare a consolidated financial statement (CFS) of the company and of all the subsidiaries, associate companies and joint ventures in the same form and manner as that of its own and in accordance with applicable accounting standards. Such CFS shall also be laid before the annual general meeting of the company along with the laying of its financial statement.

Exemptions from preparation of CFS

According to section 129(3), the preparation of consolidated financial statements by a company is not required if it meets the following conditions:

- a. It is a wholly owned subsidiary, or is a partially owned subsidiary of another company and all its other members, including those not otherwise entitled to vote, having been intimated in writing and for which the proof of delivery of such intimation is available with the company, do not object to the company not presenting consolidated financial statements;
- b. It is a company whose securities are not listed or are not in the process of listing on any stock exchange, whether in or outside India; and
- c. Its ultimate or any intermediate holding company files consolidated financial statements with the Registrar which are in compliance with the applicable Accounting Standards.

In line with stated legal requirements, following are the answers:

1. Madan Pvt. Ltd. may qualify for an exemption from preparing consolidated financial statements because:
 - It is a partially owned subsidiary (90% ownership by Puri Ltd.).
 - It does not have any listed securities and is not in the process of listing on any stock exchange i.e., have no publicly trading of securities.
 - Its holding company, Puri Ltd., prepares and files consolidated financial statements with the Registrar in compliance with applicable Accounting Standards.

Since Madan Pvt. Ltd. is a partially owned subsidiary, it must ensure that all its members, including remaining shareholders (10% in this case), are informed in writing about the decision not to present CFS, and it must maintain proof of delivery of such communication. No member should object to this exemption.

2. If Madan Pvt. Ltd. had its securities listed on a recognized stock exchange or was in the process of being listed, it would not qualify for the exemption and would be required to prepare and present its own consolidated financial statements as per the applicable provisions.
- 15.** According to section 92(1) of the Companies Act, 2013, every company shall prepare a return (referred to as the Annual Return) in the prescribed form containing the specified particulars as they stood on the close of the financial year. In terms of Second Proviso to section 91 (1), the Central Government may prescribe abridged form of annual return for One Person Company, small company and such other class or classes of companies as may be prescribed. Accordingly, as per Rule 11 (1), One Person Company and small company shall file the annual return from the financial year 2020-2021 onwards in Form No. MGT-7A. However, in relation to One Person Company and small company, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.

Accordingly, following are the advise given by the expert:

- (i) As per Section 92 and Rule 11(1), since ABC Pvt. Ltd. is a One Person Company (OPC), it should file its annual return in Form MGT-7A (abridged form) for the financial year 2024-25.
 - (ii) In the absence of a company secretary, the annual return should be signed by the sole director of the company as per the provisions applicable to One Person Companies.
- 16.** As per section 139(2) of the Companies Act, 2013, listed companies and such class of companies as prescribed, shall not appoint or re- appoint an audit firm as auditor for more than two terms of five consecutive years.

Further, on the date of appointment, an audit firm shall not have any partner or partners who are/were also the partner/s to the other audit firm, whose tenure has been expired in a company immediately preceding the financial year.

Bright Future Ltd. cannot appoint M/s Mehta & Associates as its auditor immediately after the completion of M/s Sharma & Associates' tenure.

Since Mr. Raj is a common partner in both firms, regulatory provisions impose a cooling-off period of 5 years before either of these firms can be reappointed.

Therefore, Bright Future Ltd. can appoint M/s Mehta & Associates or M/s Sharma & Associates only after the cooling-off period ends in the year 2032.

- 17.** (a) According to section 2(1)(ta) of the LLP Act, 2008, a LLP is classified as a "Small LLP" if:
- (i) Its contribution does not exceed ₹ 25 lakh (or a higher prescribed amount, up to ₹ 5 crore). Here, contribution of JEET LLP is ₹ 20 lakh, which is within the limit.
 - (ii) Its turnover does not exceed ₹ 40 lakh (or a higher prescribed amount, up to ₹ 50 crore). Here turnover of JEET LLP is ₹ 35 lakh, which is within the limit.)

Since JEET LLP meets both conditions, it qualifies as a "Small LLP" under the Act.

- (b) If JEET LLP's turnover exceeds ₹50 crore in the next financial year, it will no longer meet the requirements as a Small LLP and will be subject to full compliance requirements applicable to regular LLPs.
- 18.** According to section 3(27) of the General Clauses Act, 1897 states that 'Imprisonment' shall mean imprisonment of either description as defined in the Indian Penal Code. By section 53 of the Indian Penal Code, the punishment to which offenders are liable under that Code are imprisonment which is of two descriptions, namely, rigorous, that is with hard labor and simple. So, when an Act provides that an offence is punishable with imprisonment, the Court may, in its discretion, make the imprisonment rigorous or simple.

In this case:

If the court considers Mr. N's offense as a minor theft and believes it does not warrant harsh punishment, it might sentence him to simple imprisonment.

However, if the theft involved force, was committed in a violent manner, or if Mr. N has a history of criminal behavior, the court may decide to impose rigorous imprisonment.

19. The principle "*generalia specialibus non derogant*" means that when a general law and a specific law address the same subject matter, the specific law prevails. This ensures that specialized laws designed for particular situations are not overridden by broader, more general provisions.

Example:

1. General Law: "All contracts must be in writing to be legally enforceable."
2. Specific Law: "An oral contract for the sale of goods under ₹ 5000 is legally valid."

Here, the general rule states that all contracts must be in writing. However, the specific rule creates an exception for oral contracts involving goods under ₹5000. According to the principle of "*generalia specialibus non derogant*", the specific rule will prevail in cases involving small-value goods, making oral agreements enforceable despite the broader general rule.

This principle helps maintain legal clarity by ensuring that specialized provisions are applied without being overridden by more general laws.

20. (i) Under the Foreign Exchange Management Act (FEMA), 1999 read with the Schedule III of the FEM (Current Account Transactions) Rules, 2000, the overall limit prescribed is generally USD 250,000. Any additional remittance in excess of such limit shall require prior approval of the RBI. In the given case, the remittance of fees of Amrisha for pursuing education abroad, may avail exchange facility for an amount in excess of the limit prescribed under the LRS in a Financial Year. In such a case, the applicable limit for such an individual would be reduced from USD 250,000 by the amount so remitted.

- (ii) Under the Foreign Exchange Management Act (FEMA), 1999, Mr. Amrish can remit his salary earned abroad to his family in India, subject to the following regulations:

A person (who is resident but not permanently resident in India) is a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company, may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions).

As per the stated law, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignments, the duration of which does not exceed three years, is a resident but not permanently resident.