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Chapter 1 : Preliminary**Q 1**

Green Ltd. is incorporated on 3rd January, 2022. As per the Companies Act, 2013, what will be the financial year for the company:

- (a) 31st March, 2022
- (b) 31st December, 2022
- (c) 31st March, 2023**
- (d) 30th September, 2023

Q 2

Roma along with her six friends has incorporated Roma Trading Ltd. in May 2021. The paid-up share capital of the company is ₹ 2 crore. Further, in April 2022, she noticed that in the last financial year, the turnover of the company was well below ₹ 40 crore. Advise whether the company can be treated as a 'small company'.

- a) Roma Trading Ltd. is definitely a 'small company' since its paid-up capital is much below ₹ 4 crore and also its turnover has not exceeded the threshold limit of ₹ 40 crore.
- b) The concept of 'small company' is applicable only in case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company it cannot enjoy benefits of 'small company'.**
- c) Unlike a private limited company/OPC which automatically becomes a 'small company' as soon as it meets the criteria of 'small company', Roma Trading Ltd. being a public limited company has to maintain the norms applicable to a 'small company' continuously for two years so that, thereafter, it will be treated as a 'small company'.
- d) If all the shareholders of Roma Trading Ltd. give an undertaking to the ROC stating that they will not let the paid-up share capital and also turnover exceed the limits applicable to a 'small company' in the next two years, then it can be treated as a 'small company'.

Q3

Abhilasha and Amrita have incorporated a 'not for profit' private limited company which is registered under Section 8 of the Companies Act, 2013. One of their friends has informed them that their company can be categorized as a 'small company' because as per the last profit and loss account for the year ending 31st March, 2022, its turnover was less than ₹ 40 crore and its paid up share capital was less than ₹ 4 crore. Advise.

- a) A section 8 company, which meets the criteria of 'turnover' and 'paid-up share capital' in the last financial year, can avail the status of 'small company' only if it acquires at least 5% stake in another 'small company' within the immediately following financial year.
- b) If the acquisition of minimum 5% stake in another 'small company' materializes in the second financial year (and not in the immediately following financial year) after meeting the criteria of 'turnover' and 'paid-up share capital' then with the written permission of concerned ROC, it can acquire the status of 'small company'.
- c) **The status of 'small company' cannot be bestowed upon a 'not for profit' company which is registered under Section 8 of the Companies Act, 2013.**
- d) A section 8 company, if incorporated as a private limited company (and not as public limited company) can avail the status of 'small company' with the permission of concerned ROC, after it meets the criteria of 'turnover' and 'paid-up share capital'.

Q 4

Kaveri Goods Carriers Private Limited (KGCPL) issued 9% Non-convertible Debentures worth ` 10 lakhs and thereafter, the directors contemplated to get them listed. After due formalities, these privately placed non-convertible debentures of ` 10 lakhs were listed. Which of the following options is applicable in the given situation:

- a) KGCPL shall be considered as a listed company.
- b) **KGCPL shall not be considered as a listed company.**
- c) KGCPL shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is ` 15 lakhs.
- d) KGCPL shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is minimum ` 20 lakhs.

Q 5

"Associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Here, the words 'significant influence' means:

- a) Control of at least 10% of total voting power
- b) Control of at least 15% of total voting power
- c) **Control of at least 20% of total voting power**
- d) Control of at least 25% of total voting power

Q6

A Ltd. is holding 61% shares in B Ltd. and B Ltd. holds 51% in C Ltd. State which is the correct statement here:

- (a) C Ltd. is the holding company to A Ltd.
- (b) C Ltd. is the holding company to B Ltd.
- (c) B Ltd. is the Subsidiary to C Ltd.
- (d) **Both B Ltd. and C Ltd. are subsidiary to A Ltd.**

Q7

“Associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Here, the words ‘significant influence’ means:

- (a) Control of at least 10% of total voting power
- (b) Control of at least 15% of total voting power
- (c) **Control of at least 20% of total voting power**
- (d) Control of at least 25% of total voting power

Q8

Such shares which are issued by a company to its directors or employees at a discount or for a consideration other than cash for working extraordinary hard and achieving desired output is honoured with:

- (a) Equity Shares
- (b) Preference Shares
- (c) **Sweat Equity Shares**
- (d) Redeemable preference shares

Q9

Roma along with her six friends has got incorporated Roma Trading Ltd. in May 2019. She kept the paid-up share capital at ` 30 lacs. Further, in April 2020, she noticed that in the last financial year, the turnover of the company was well below ` 2 crores. Advise whether the company can be treated as a ‘small company’.

- (a) Roma Trading Ltd. is definitely a ‘small company’ since its paid-up capital is much below ` 50 lacs and also its turnover has not exceeded the threshold limit of ` 2 crores.

- (b) **The concept of 'small company' is applicable only in case of a private limited company/OPC and therefore, despite meeting the criteria of 'small company' it being a public limited company cannot enjoy benefits of 'small company'.**
- (c) Unlike a private limited company/OPC which automatically becomes a 'small company' as soon as it meets the criteria of 'small company', Roma Trading Ltd. being a public limited company has to maintain the norms applicable to a 'small company' continuously for two years so that, thereafter, it is treated as a 'small company'.
- (d) If all the shareholders of Roma Trading Ltd. give an undertaking to the ROC stating that they will not let the paid share capital and also turnover exceed the limits applicable to a 'small company' in the next two years, then it can be treated as a 'small company'

Q10

A Ltd. is the holding company of B Ltd. Another company C Ltd. is the subsidiary company of B Ltd. Is there any relationship between A Ltd. and C Ltd.

- (a) There is no relationship between A Ltd. and C Ltd.
- (b) **C Ltd. is deemed to be the subsidiary of A Ltd.**
- c) A Ltd. shall be deemed to be the holding company of C Ltd. provided A Ltd. acquires at least 10% stake in C Ltd.
- (d) C Ltd. shall be deemed to be the subsidiary of A Ltd. if the latter company acquires minimum 10% stake in the former company within six months after C Ltd. becomes subsidiary of B Ltd.

Q11

A Public company may be formed by: (a) (b) (c)

- a) Only two persons
- b) Not more than three persons
- c) Not more than Seven Persons
- d) Seven or more Persons**

Chapter 2 – Incorporation of Company

Q1

Entrenchment enhance the protection. Modern Furniture Limited, an existing private company willing to insert the provisions for entrenchment; it

- a) Can amend the article by passing an ordinary resolution
- b) Can amend the article by passing a special resolution
- c) Can amend the article agreed by all the members**
- d) Can't amend article to made the provisions for entrenchment

Q2

Today, it's May 2023. Mr. Nilanjan Chattopadhyay a 24 years old Indian youngster, who returned back to India in January month of 2023 after completing his education in bio nutrient and willing to form an OPC; but not sure about the requirements or pre conditions regarding eligibility. He read some articles on provisions related to OPC and concluded;

1. OPC can be formed by Indian Citizen only
2. He can't form OPC because in immediate previous year he was not resident in India

- a) Both the conclusions are valid
- b) None of the conclusion is valid
- c) First conclusion is invalid
- d) Second conclusion is invalid**

Q3

In case of an application for reservation of name or for change of its name by an existing company, the Registrar may reserve the name for a period of from the date of approval

- a) 90 days
- b) 60 days**
- c) 30 days
- d) 20 days

Q4

Modern Furniture incorporated on 30th June 2022, its directors filled a declaration under section 10A (1)(a) regarding receipt of payment i.e. value of share (against share subscribed by subscriber) to registrar on 18th April 2023. The company and its officers (officers who are in default) shall be charged with penalty of:

- (a) ₹ 1,11,000 and ₹ 1,11,000 respectively
- (b) ₹ 50,000 and ₹ 1,11,000 respectively
- (c) ₹ 1,11,000 and ₹ 50,000 respectively
- (d) ₹ 50,000 and ₹ 1,00,000 respectively

Q5

I.T.C limited changed its name to ITC limited. Company and officers thereat made default by failing to make alteration in every issued copy of memorandums and articles. In this context you are required to pick incorrect statements out of followings

- (i) Alteration shall be made to every copy of MOA/AOA because these are considered as public document.
- (ii) Alteration shall be made to every copy be it in electronic form or otherwise.
- (iii) Penalty shall be rupees one thousand for every copy of the articles issued without such alteration.

- (a) (ii) only
- (b) (iii) only
- (c) (ii) and (iii) only
- (d) **None of (i), (ii) and (iii)**

Q6

The doctrine of indoor management is considered to be to the doctrine of constructive notice.

- a. **Exception** b. Extension c. Alternative d. Not related

Q7

The Registrar shall register any alteration of the memorandum with respect to the objects of the company and certify the registration within a period of from the date of filing of the special resolution.

- (a) **30** days (b) 60 days (c) 90 days (d) 6 months

Q8

Shruti, a common friend of Suchitra and Sukanya, got incorporated OPC sometime before and during a chit-chat with her friends informed them that there is some limit on the maximum capital

which her OPC can have and she would have to convert her OPC either into a private or public limited company if such limit exceeded. Suchitra and Sukanya who are desirous of forming a private limited company for carrying on textile trading business, are unsure about the maximum capital which a private limited company can have. Advise.

- a) A private limited company can have maximum of Rs. One crore as share capital.
- b) A private limited company can have maximum of Rs. Two crores as share capital.
- c) A private limited company can have maximum of Rs. Five crores as share capital.
- d) **A private limited company can have unlimited share capital**

Q9

In Roopali Marketing Company Private Limited (Authorised capital 50,000 shares of Rs. 10 each and paidup share capital of Rs. 4,50,000), 1000 shares are jointly held by Abeer and Abheek; another 800 shares are jointly held by Seema and Srividya; and another 1200 are jointly held by Ramesh, Raksha and Rajneesh. Further, 42,000 shares are held by 193 individual persons in their individual capacity. Is it possible for the company to induct more persons?

- A) The company is unable to induct more persons since it already has two hundred individual members.
- B) **The company can induct four more persons as members.**
- C) The company can induct another 20 persons (i.e. 10% of two hundred individual members) after seeking permission from the concerned ROC.
- D) If the company does not want to seek permission of the concerned ROC, it can induct only 10 more persons (i.e. 5% of two hundred individual members).

Q10

Vinay and Sanjay made a name reservation application accompanied by requisite fee to the Registrar for forming a new private company. The Registrar accorded its approval for reservation of most preferred name Vinanjay Softwares Private Ltd. on 7th July, 2018. By which date necessary documents for incorporation of the company must be submitted to the Registrar so that the reserved name does not get lapsed.

- (a) Latest by 20th July, 2018
- (b) **Latest by 27th July, 2018**
- (c) Latest by 4th August, 2018
- (d) Latest by 4th September, 2018

Q11

Food lovers Inc. was incorporated as a one person company (OPC) on 1st September 2015 with paid up share capital of Rs. 25 lacs. This OPC wants to convert itself into a private limited company during the year ending on 31st March 2017. But the provisions of the Companies Act, 2013 prohibits an OPC from doing so before the expiry of a specified period. From the following

options in which situation this OPC will mandatorily be converted into a private/public company even before expiry of such period—

- a. After the expiry of two years from the date of its incorporation
- b. Paid up share capital of the company is increased beyond fifty lakh rupees
- c. The average annual turnover during the relevant period exceeds one crore rupees
- d. **Can any time convert**

Q12

Swastik Private Limited passed a Special Resolution to change its name to Swastik Darshan Private Limited on 30th May, 2019. Relevant MCA filing was done on due time and then Company got its new stationery printed on 1st July, 2019. However there was a delay in issue of Certificate and Company received new certificate on 20th August, 2019 which was issued on 10th August, 2019. Company wants to enter into a lease agreement for new premise. When can it do such agreement in new name of the Company?

- A) 30th May, 2019
- B) 1st July, 2019
- C) **20th August, 2019**
- D) 10th August, 2019

Q13

If a company changes its name; which of the following is most accurate:

- a) It is not allowed to use old name in any way
- b) New name should not be identical with old name
- c) Old name should be painted/printed for next 1 year along with new name
- d) **Old name should be painted/printed for next 2 years along with new name**

Q14

Abhilasha and Amrita have incorporated a 'not for profit' private limited company which is registered under Section 8 of the Companies Act, 2013. One of their friends has informed them that their company can be categorized as a 'small company' because as per the last profit and loss account for the year ending 31st March, 2019, its turnover was less than Rs. 2.00 crores and its paid up share capital was less than Rs. 50 Lacs. Advise.

(a) A section 8 company, which meets the criteria of 'turnover' and 'paid-up share capital' in the last financial year, can avail the status of 'small company' only if it acquires at least 5% stake in another 'small company' within the immediately following financial year.

(b) If the acquisition of minimum 5% stake in another 'small company' materializes in the second financial year (and not in the immediately following financial year) after meeting the criteria of 'turnover' and 'paid-up share capital' then with the written permission of concerned ROC, it can acquire the status of 'small company'.

C) The status of 'small company' cannot be bestowed upon a 'not for profit' company which is registered under Section 8 of the Companies Act, 2013.

(d) A section 8 company, if incorporated as a private limited company (and not as public limited company) can avail the status of 'small company' with the permission of concerned ROC, after it meets the criteria of 'turnover' and 'paid-up share capital'

Q15

Anu got incorporated 'One Person Company' with her sister Alpa as the nominee and about three years have passed satisfactorily. From time to time, Anu does a number of charitable works and is associated with three NGOs. In the meantime, her business under her OPC has also flourished. Now she is contemplating to convert the OPC either as a Section 8 company (i.e. formation of companies with charitable objects). Choose the correct option.

- a) Since company belongs to Anu, she has full discretion to convert the OPC either as a Section 8 company or as a private or public company
- b) Since the company was formed as a private company, the only option available with Anu is to convert it into a public limited company.
- c) **There is specific prohibition on converting OPC into a Section 8 company; otherwise, it can be converted into a private or public company without any hindrance.**
- d) Since Anu does a lot of charitable works there is no prohibition to converts his OPC into a Section 8 company (companies formed with charitable objects)

Q16

If a company is registered by furnishing incorrect information then its winding up may be ordered by:

- a) Central Government
- b) Registrar of Companies
- c) **National Company Law Tribunal**
- d) Court

Q17

L made an offer to MD of a company. MD accepted the offer though he had no authority to do so. Subsequently L withdrew the offer but the company ratified the MD's acceptance. State which of the statement given hereunder is correct:

- (a) L was bound with the offer
- (b) An offer once accepted cannot be withdrawn
- C) Both option (a) & (b) is correct
- (d) **L is not bound to an offer.**

Q18

Kamya Ltd. is incorporated on 3rd January, 2021. As per the Companies Act, 2013, what will be the financial year for the company:

- (a) 31st March, 2021
- (b) 31st December, 2021
- (c) **31st March, 2022**
- (d) 30th September, 2022

Q19

In case of a private company, the provisions for entrenchment may be made at the time of formation of the company or by amendment of articles,

- a) By passing a special resolution
- b) **With the consent of all the members**
- c) By passing a special resolution and approval of the Central Government
- d) With the consent of all the members and approval of the Central Government

Q20

Where a company is granted licence under section 8, it is not required to use the word even though it is a limited company:

- (a) Guarantee company
- (b) Limited Liability Partnership
- (c) **Limited or Private Limited, as the case may be**
- (d) Development Authority

Q21

The Best Dry Fruits Ltd was incorporated under the Companies Act, 1913. Whether the provisions of the Companies Act, 2013 shall apply on it:

- (a) No, the provisions of the Companies Act, 2013 shall not apply on it .
- (b) **Yes, the provisions of the Companies Act, 2013 shall apply on it .**
- (c) The Companies Act, 1913 was enacted by the British Government, hence only an Act made by British Government shall apply on such company.
- (d) Since, this company was incorporated by the British Government, hence the Companies Act of UK Govt shall apply

Q22

In case of an application for reservation of name or for change of its name by an existing company, the Registrar may reserve the name for a period of from the date of approval

- (a) 90 days
- (b) **60 days**
- (c) 30 days
- (d) 20 days

Q23

Today, it's May 2023. Mr. Nilanjan Chattopadhyay a 24 years old Indian youngster, who returned back to India in January month of 2023 after completing his education in bio nutrient and willing to form an OPC; but not sure about the requirements or pre-conditions regarding eligibility. He read some articles on provisions related to OPC and concluded;

1. OPC can be formed by Indian Citizen only
 2. He can't form OPC because in immediate previous year he was not resident in India
- Choose the correct option:
- A. Both the conclusions are valid
 - B. None of the conclusion is valid
 - C. First conclusion is invalid
 - D. **Second conclusion is invalid**

Q24

Rajesh has formed a 'One Person Company (OPC)' with his wife Roopali as nominee. For the last two years his wife Roopali is suffering from terminal illness and due to this hard fact he wants to change her as nominee. He has a trusted and experienced friend Ramnivas who could be made nominee or his (Rajesh) son Rakshak who is of seventeen years of age. Whom should he nominate as nominee in place of his wife?

- (a) Since blood relation can only be appointed as nominee in case of OPC, Rajesh needs to appoint his son Rakshak.
- (b) **Rajesh can appoint his friend Ramnivas as nominee in his OPC**
- (c) Roopali is not agreeable to the proposal of Rajesh and hence, Rajesh cannot change her as the nominee
- (d) Mr. Ramnivas can be appointed as nominee.

Q25

Vinay a me reservation application accompanied by requisite fee to the Registrar for forming company. The Registrar accorded its approval for reservation of most preferred name Vinanjay Softwares Private Ltd. on 7th July, 2018. By which date necessary documents for incorporation of the company must be submitted to the Registrar so that the reserved name does not get lapsed

- a. Latest by 20th July, 2018
- b. **Latest by 27th July, 2018**
- c. Latest by 4th August, 2018
- d. Latest by 4th September, 2018

Chapter 3 – Prospectus and allotment of Securities**Q1**

Trident Limited is in process of making private placement of securities. It received application money on 2nd March 2023. It shall allot its securities by , if failed then repay application money to the subscribers by , else liable to repay that money with interest at the rate of .

- (a) 1st April, 16th April, and 12% respectively
- (b) 1st May, 16th May, and 12% respectively**
- (c) 1st April, 16th April, and 6% respectively
- (d) 16th April, 1st May, and 12% respectively

Q2

Modern Furniture Limited, issued a document containing offer of securities for sale that is considered as deemed prospectus under section 25, which requires such document must contains certain matters/disclosures in addition to those required under section 26. Which of following are correct requirements;

- i. A statement of the net amount received or to be received as consideration for the securities to which the offer relates
- ii. The persons making the offer were named in the prospectus as promoters of the company.
- iii. The time and place at which the underlying contract for allotment may be inspected.

- (a) i or ii only
- (b) i or iii only**
- (c) ii or iii only
- (d) All of i, ii and iii

Q3

Section 40 of the Companies Act, 2013 requires every company shall make an application to one or more recognized stock exchange or exchanges before making public offer. Madhav Casting Limited filed an application to three exchanges for the securities to be dealt with in such stock exchanges, it received permission from couple of them and proceed with public issue. There will be:

- (a) No penalty, as application has been filed
- (b) Penalty on Madhav Casting Limited ranging from Rs.5 lakh to Rs.50 lakh
- (c) Penalty on Madhav Casting Limited ranging from Rs.5 lakh to Rs.50 lakh and every officer of the company who is in default ranging from Rs.50 thousand to Rs.3 lakh**

(d) Penalty on Madhav Casting Limited ranging from Rs.5 lakh to Rs.50 lakh and every officer of the company who is in default ranging from Rs.50 thousand to Rs.3 lakh and/or Imprisonment upto one year.

Q4

Rig exploration and refinery limited (RERL) decided to raise capital through issue of a shelf prospectus. Company secretary explains the requirement to board that RERL shall be required to file an information memorandum with the Registrar within, prior to the issue of a second or subsequent offer of securities under the shelf prospectus.

- (a) 15 days
- (b) 21 days
- (c) 30 days
- (d) 1 month**

Q5

Modern Furniture decided to raise capital by issue for which prospectus need to be issued. The copy of prospectus submitted with registrar for filling need to be duly signed by:

- (a) Any two directors including managing directors
- (b) Majority of directors
- (c) Majority of directors including proposed directors
- (d) Every director or proposed director**

Q6

Which of following shall be considered as securities for purpose of section 23 of the Act;

- (i) Unit linked insurance policy
 - (ii) Actionable claim regarding mortgaged debt**
 - (iii) Securities issued by National Asset Reconstruction Ltd**
- (a) (iii) only
 - (b) Both (i) and (iii) only
 - (c) Both (ii) and (iii) only**
 - (d) None of the (i), (ii), and (iii)

Q7

In case of variation in terms of contract or objects in prospectus, which of the followings statement are not true;

- (i) Ordinary resolution shall be passed at general meeting
- (ii) Notice given to shareholder shall also be published in two newspapers**

- (iii) Amount so raised can be invested only in equity share of prescribed class of companies.
- a) (i) only
 - b) Both (i) and (ii) only
 - c) Both (i) and (iii) only
 - d) Both (ii) and (iii) only**

Q8

An applicant who made application for allotment along with advance payment of subscription, if he expresses a desire to withdraw his application after changes reported in information memorandum came to his knowledge. The company;

- a. May refund the monies at discretion of Board of Directors
- b. Shall refund the monies after deducting the administrative charges within fifteen days
- c. Shall refund all the monies received as subscription within fifteen days**
- d. Shall refund the monies after deducting the administrative charges within 30 days

Q9

Dwapar Equipment Finance Limited, a non-banking finance company (NBFC), is desirous of offering secured, redeemable, non-convertible 9% Debentures to the public in three or more tranches over a certain period of time. Which kind of prospectus it is required to issue so that its purpose is served and there arises no need to take out a fresh prospectus for second and subsequent offer of securities.

- (a) Deemed Prospectus.
- (b) Shelf Prospectus.**
- (c) Red Herring Prospectus.
- (d) Abridged prospectus.

Q10

When a copy of the contract for the payment of underwriting commission is required to be delivered to the Registrar:

- (a) Three days before the delivery of the prospectus for registration
- (b) At the time of delivery of the prospectus for registration**
- (c) Three days after the delivery of the prospectus for registration
- (d) Five days after the delivery of the prospectus for registration

Q11

A prospectus which does not include complete particulars of the quantum or price of the securities included therein is called:

- (a) A deemed Prospectus
- (b) A Shelf Prospectus

- (c) An Abridged Prospectus
- (d) A Red Herring Prospectus**

Q12

The minimum amount of subscription in a public issue shall be received within days from the date of issue of prospectus.

- (a) 30**
- (b) 60
- (c) 90
- (d) 120

Q13

Which of the following statements is not true?

- (a) in case of shares, the rate of underwriting commission to be paid shall not exceed five percent of the issue price of the share.
- (b) underwriting commission should not be more than the rate specified by the Article of Association.
- (c) in case of debentures, the rate of underwriting commission shall not exceed five percent of the issue price of the debentures.**
- (d) amount of commission may be paid out of profits of the company.

Q14

Part of the capital for which application have been received from the public and shares allotted to them:

- (a) Nominal capital
- (b) Issued capital
- (c) Subscribed capital**
- (d) Called up capital

Q15

The time limit within which a copy of the contract for the payment of underwriting commission is required to be delivered to the Registrar is:

- (i) Three days before the delivery of the prospectus for registration
 - (ii) At the time of delivery of the prospectus for registration
 - (iii) Three days after the delivery of the prospectus for registration
- (a) Any person who has agreed to fulfil all the formalities related to such offer of sale
 - (b) Any one or more director of the company.
 - (c) Company itself whose shareholding they want to offload.**
 - (d) Any competent officer of the company

Q16

Extra Limited is a growing Company and requires additional funds for expansion from time to time. They are following the same process for making an offer to public and then issue those

shares. This is very time and energy consuming for them. Kindly advise them if there is any way out.

- a) During first offer they shall file prospectus with a validity on one year, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;
- b) During first offer they shall file prospectus with a validity on two years, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;
- c) During first offer they shall file shelf prospectus with a validity on one year, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required;**
- d) During first offer they shall file shelf prospectus with a validity on two years, so subsequent offer issued during the period of validity of that prospectus, no further prospectus is required.

Q17

Being in need of further capital, Rimsi Cotton-Silk Products Limited opted to offer 50.00 lacs equity shares of Rs. 1 each to 50 identified persons on 'private placement' basis and accordingly a letter of offer accompanied by serially numbered application form was sent to them after fulfillment of due formalities including passing of special resolution. One of the applicants, Rajan made a written complaint to the company highlighting the fact that the letter of offer was incomplete as well as illegal, for the same did not contain 'renunciation clause' though he wanted to exercise his 'right of renunciation' in favour of one of his son Uday. By choosing the correct option, advise the company in this matter.

- a) As the 'Right of Renunciation' cannot be denied, the company needs to rectify its mistake by including the same in the letter of offer and the application form.
- b) The company is prohibited from providing 'Right of Renunciation' and therefore, the letter of offer and the application form need not include any such clause.**
- (c) Instead of absolute prohibition, the company needs to provide 'Right of Renunciation' limited to twenty five percent of offering.
- (d) Instead of absolute prohibition, the company needs to provide 'Right of Renunciation' limited to fifty percent of offering.

Q18

Which of the following statement is contrary to the provisions of the Companies Act, 2013?

- a) A private company can make a private placement of its securities.
- b) The company has to pass a special resolution for private placement.
- c) Minimum offer per person should have Market Value of Rs.20,000.**
- d) A public company can make a private placement of its securities.

Q19

Delight Sports Garments Limited is contemplating to raise funds through issue of prospectus in which, according to the directors, a sum of Rs 50 crores should be stated as the minimum amount that needs to be subscribed by the prospective subscribers. The funds shall be raised in four instalments consisting of application, allotment, first call and second & final call. Advise the company by which instalment it should receive the minimum subscription stated in the prospectus.

- a) **Along with amount subscribed as application money.**
- b) Along with amount subscribed as final call money.
- c) Along with amount subscribed as first call money.
- d) Along with amount subscribed as second and final call money.

Q20

A Limited made a public issue of Debentures. The articles of the company authorises the payment of underwriting commission at 2 per cent of the issue price. The company has negotiated with the proposed underwriters, Gama Brokers and has finalised the rate at 2.25 per cent. The amount that the company is eligible to pay as underwriting commission is:

- a) 5%
- b) **2%**
- c) 2.5%
- d) 2.25%

Q21

Krishna Religious Publishers Limited has received application money of ` 20,00,000 (2,00,000 equity shares of ` 10 each) on 10th October, 2019 from the applicants who applied for allotment of shares in response to a private placement offer of securities made by the company to them. Select the latest date by which the company must allot the shares against the application money so received.

- a) 9th November, 2019
- b) 24th November, 2019
- c) **9th December, 2019**
- d) 8th January, 2020

Q22

Which of the following statement is contrary to the provisions of the Companies Act, 2013?

- a) A private company can make a private placement of its securities.
- b) The company has to pass a special resolution for private placement.
- c) **Minimum offer per person should have Market Value of Rs. 20,000.**
- d) A public company can make a private placement of its securities.

Q23

Newage Private Limited issued 9% Non-convertible Debentures worth ` 10 lakh and thereafter, the directors contemplated to get them listed. After due formalities, these privately placed nonconvertible debentures of ` 10 lakh were listed. Which of the following options is applicable in the given situation:

- a) Newage Private Limited shall be considered as a listed company.
- b) **Newage Private Limited shall not be considered as a listed company.**
- c) Newage Private Limited shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is Rs.15 lakh.
- d) Newage Private Limited shall be considered as a listed company only when minimum amount of listed privately placed non-convertible debentures is minimum Rs. 20 lakh.

Chapter 4 – Share Capital and Debentures

Q1

Corrupt Limited has received a request from Mr. Suresh for transfer of 100 partly paid equity shares, to Mr. Ramesh. However, Mr. Ramesh expired in the meantime, but no intimation of the same has been received by the company. In the given circumstances, advise as per the provisions of the Companies Act, 2013:

- a) Corrupt Limited will not register the transfer the shares in the name of Mr. Ramesh, without verification from Mr. Suresh
- b) Corrupt Limited can register the shares in the name of Mr. Ramesh as it is not aware of the untoward incident.
- c) Corrupt Limited will not register the transfer the shares in the name of Mr. Ramesh, without verification from Mr. Ramesh
- d) **Corrupt Limited will give the shares back to Mr. Suresh**

Q2

The Authorized share capital clause of LMN & Co. Ltd. consisted of Preference share capital and Equity share capital both. With regard to equity share capital, the article of association of the company has given authorization to issue differential equity shares. Apart from authorization by the Articles, from the following strike out the condition, which is not mandatory to comply with—

- a) Such issue of shares must be authorized by an ordinary resolution passed at a general meeting of the shareholders or by postal ballot, as the case may be
- b) **The company must have consistent track record of distributable profit for the last five years.**
- c) The company has no subsisting default in the payment of the declared dividend to its shareholders.
- d) The company has not defaulted in filing financial statements and annual returns for three financial years immediately preceding the financial year in which it is decided to issue such shares .

Q3

Prithvi Cements Limited is desirous of issuing debentures carrying voting rights. Which of the following options is best suited in such a situation:

- a) Prithvi Cements Limited can issue debentures carrying voting rights if an ordinary resolution is passed permitting such issue.

- b) Prithvi Cements Limited can issue debentures carrying voting rights if a special resolution is passed permitting such issue.
- c) Prithvi Cements Limited can issue debentures carrying voting rights if it mortgages land and buildings worth two times the amount of such debentures.
- d) **Prithvi Cements Limited cannot issue debentures carrying voting rights.**

Q4

In a company if any change of right of one class also affects the right of other class, then:

- a) A resolution should be passed in general meeting in this case
- b) Company need not to do anything else
- c) **Written consent of three fourth majority of that other class should be obtained**
- d) A resolution in joint meeting of both the classes should be passed

Q5

Shares issued by a company to its directors or employees at a discount or for a consideration other than cash for their providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called are known as:

- a) Equity Shares
- b) Preference Shares
- c) **Sweat Equity Shares**
- d) Redeemable preference shares

Q6

Goals Limited, a listed company has authorised share capital of Rs. 25,00,000 (issued, subscribed and paid up capital of Rs. 20,00,000). The company has planned to buy back shares worth Rs.10,00,000. What is the maximum amount of equity shares that the company is allowed to buy back based on the total amount of equity shares?

- a) Rs. 2,00,000
- b) **Rs.5,00,000**
- c) Rs.6,25,000
- d) Rs.8,00,000

Q7

A Private Company cannot issue securities:

- a) By way of rights issue
- b) By way of bonus issue
- c) By way of private placement
- d) **By issue of Prospectus in Public**

Q8

Which among the following companies is not required to provide its members the facility to exercise right to vote by electronic mode under the provisions of the Companies Act, 2013?

- a) B Limited, whose equity shares (the company is having both equity as well as preference shares) are listed on a recognised stock exchange.
- b) A Limited, whose equity shares (only type of share the company is having) are listed on a recognised stock exchange
- c) **C Limited, whose preference shares (the company is having both equity as well as preference shares) are listed on a recognised stock exchange**
- d) D Limited, whose equity shares as well as preference shares are listed on a recognised stock exchange.

Q9

A Company limited by shares can issue equity shares with differential voting rights. Which of the following is not a necessary condition to be fulfilled before issue of such shares:

- a) The articles of association of the company shall authorize issue of shares with differential rights;
- b) The issue of shares shall be authorized by an ordinary resolution passed at a general meeting of the shareholders;
- c) **The issue of shares shall be authorized by special resolution passed at a general meeting of the shareholders;**
- d) The company shall have consistent track record of distributable profits for the last three years

Q10

Shruti, a common friend of Suchitra and Sukanya, got incorporated OPC sometime before and during a chit-chat with her friends informed them that there is some limit on the maximum capital which her OPC can have and she would have to convert her OPC either into a private or public limited company if such limit exceeded. Suchitra and Sukanya who are desirous of forming a private limited company for carrying on textile trading business, are unsure about the maximum capital which a private limited company can have. Advise.

- a) A private limited company can have maximum of Rs One crore as share capital.
- b) A private limited company can have maximum of Rs Two crores as share capital.
- c) A private limited company can have maximum of Rs Five crores as share capital.
- d) **A private limited company can have unlimited share capital.**

Q11

Sarvodaya Urban Nidhi Limited has ` 14 Crore and ` 6 Crore as paid-up equity and preference share capital respectively. Balance in retain earnings account is ` 2.4 Crore. Equity share capital having face value of ` 10 each, while preference share has face value of 100 each. Mr. Surya and Mr. Chandan own 11,20,000 and 5,60,000 shares respectively. In context of resolution placed before the company which directly affect the rights attached to his preference shares, the voting right of Mr. Surya and Mr. Chandan in percentage term shall be:

- a) 8% and 4% respectively
- b) 5.6% and 2.8% respectively

- c) **5% and 2.8% respectively**
- d) 5% and 2.5% respectively

Q12

In a litigation regarding title of shares, a share certificate issued in physical form by Modern Furniture Limited, an unlisted private company that doesn't have a common seal two directors submitted as evidence of the title. The same shall be clear and convincing evidence of title, if signed by;

- i. two directors
 - ii. two directors, out of which one shall be managing director
 - iii. two directors and the Company Secretary, wherever the company has appointed a Company Secretary
 - iv. a director and the Company Secretary, wherever the company has appointed a Company Secretary
- a) By i or iii only
 - b) **By i or iv only**
 - c) By ii or iii only
 - d) By ii or iv only

Q13

Mr. Bahu has received a notice from Mahishmati Private Limited on 2nd March, 2023 intimating that Mr. Bali has submitted a transfer deed duly signed by him for transfer of 1000 partly paid shares (` 8 paid-up out of Face Value of ` 10 per share) in his (Mr. Bahu) name. Mr. Bahu as transferee must raise his objection to the proposed transfer of partly paid shares latest by

- a) 9th March, 2023
- b) 16th March, 2023
- c) **17th March, 2023**
- d) 31st March, 2023

Q14

Section 67 of the Companies Act, 2013 impose a restriction on public company from giving any financial assistance whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the company or in its holding company. Star Engineering limited which is not covered by any of exemptions specified under said section, contravene the restrictive provisions stated above. Every officer of the company who is in default shall be liable for;

- a) Fine which shall not be less than one lakh rupees but may extend to twenty- five lakh rupees
- b) Fine which shall not be less than one lakh rupees but may extend to twenty- five lakh rupees or Imprisonment for a term which may extend to three years or both
- c) Fine which may extend to twenty-five lakh rupees or Imprisonment for a term which may extend to three years or both
- d) **Fine which shall not be less than one lakh rupees but may extend to twenty- five lakh rupees and Imprisonment for a term which may extend to three years**

Q15

Modern Furniture an unlisted company receive a request for issue of duplicate share certificate. Complete documents in this regards submitted with the company on 30th December 2022. Modern furniture shall issue the duplicate share certificates by

- a) 29th January 2023
- b) 13th February 2023
- c) 28th February 2023
- d) **29th March 2023**

Q16

DBS Chemicals Limited issue ordinary share of different classes. DBS planned to vary rights of one the class wherein there were only 105 holders. 100 out of 105 holders own 0.5% shares of that class, whereas each of remaining 5 holders hold 10% shares of that class. Presuming 100 holder who own 0.5% shares already signed/authorised the consent letter sanctioning the variation, how many holders out of such 5 need to authorise the said letter to approve the variation.

- a) 0
- b) 1
- c) **3**
- d) 5

Q17

Buy-back with board resolution is allowed, if amount involved is

- a) Not exceeding twenty five percent of the total paid-up equity capital and free reserves of the company
- b) Not exceeding twenty five percent of the total paid-up equity capital
- c) **Not exceeding ten percent of the total paid-up equity capital and free reserves of the company**
- d) Not exceeding ten percent of the total paid-up equity capital

CHAPTER 5 – ACCEPTANCE OF DEPOSITS BY COMPANIES**Q1**

No deposits are repayable earlier than from the date of such deposits or renewal thereof.

- a) **3 months**
- b) 6 months
- c) 9 months
- d) 12 months

Q2

A com deposit trust deed at least ----- days before issuing the circular or circular in the

- a) **7**
- b) 14
- c) 21
- d) 28

Q3

Amit Limited is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order.

- a) Four years from the financial year in which the latest entry is made in the Register.
- b) Six years from the financial year in which the latest entry is made in the Register.
- c) **Eight years from the financial year in which the latest entry is made in the Register.**
- d) Ten years from the latest date of entry.

Q4

Varsha Limited decides to raise deposits of Rs. 20.00 lacs from its members. However, it proposes to secure such deposits partially by offering a security worth Rs. 15.00 lacs. Which of the following options best describe such deposits:

- a) Fully secured deposits (except a small portion)
- b) **Unsecured deposits**
- c) Partially secured deposits
- d) These cannot be classified as deposits

Q5

What is the maximum tenure for which a company can accept or renew deposits from its members as well as public?

- a) 12 months
- b) 24 months
- c) **36 months**
- d) 48 months

Q6

K Limited decides to raise deposits of ₹ 10.00 lakh from its members. However, it proposes to secure such deposits partially by offering a security worth ₹ 5.00 lakh. Which of the following options best describe such deposits:12 months

- a) Fully secured deposits (except a small portion)
- b) Unsecured deposits
- c) **Partially secured deposits**
- d) These cannot be classified as deposits

Q7

Every company shall pay a penal rate of interest of per annum for the overdue period in case of deposits, whether secured or unsecured, matured and claimed but remaining unpaid:

- a) 9 %
- b) 14%
- c) **18%**
- d) 24%

Q8

Red Limited is accepting deposits of various tenures from its members from time to time. The current Register of Deposits, maintained at its registered office is complete. State the minimum period for which it should mandatorily be preserved in good order.

- a) Four years from the financial year in which the latest entry is made in the Register.
- b) Six years from the financial year in which the latest entry is made in the Register.
- c) **Eight years from the financial year in which the latest entry is made in the Register.**
- d) Ten years from the latest date of entry.

Q9

As per the provisions of the Companies Act, 2013 and relevant rules thereunder, an eligible company is not permitted to accept from public or renew the same deposits (whether secured or unsecured) which is repayable on demand or in less than months. Further, the maximum period of acceptance of deposit cannot exceed months. But, for the purpose of meeting any of its short-term requirements of funds, a company may accept or renew deposits for repayment earlier than months subject to certain conditions.

- a) six, thirty six, six
- b) three, twenty four, three
- c) six, sixty, six
- d) three, sixty, six

CHAPTER 6 – REGISTRATION OF CHARGES

Q1

On receipt of intimation of satisfaction of charge, the registrar issues a notice to the holder calling a show cause within such time not exceeding days as to why payment or satisfaction in full should not be regarded as intimated to the Registrar:

- a) **14**
- b) 21
- c) 30
- d) 300

Q2

Purvi Pvt. Ltd. is maintaining a register of charges along with all other necessary books and registers. The entry for every creation, modification and satisfaction of charges is being done properly. The company is also preserving every instrument related to such charges. From the following for how long the instrument of charges shall be maintained/preserved by the company—

- a) for minimum 8 years from the date of creation of charge
- b) For minimum 10 years from the date of creation of charge
- c) **For minimum 8 years from the date of satisfaction of charge**
- d) permanently, without any time limit

Q3

Eztech Machines Limited owns a plot of land which was mortgaged to Urbane Commercial Bank Limited for raising term loan of Rs. 2.00 crore. The mortgage was duly registered with the Central Registry. First loan installment of Rs. 50.00 lacs was released immediately after sanction of term loan with the condition that subsequent three installments of Rs.50.00 lacs shall be released as soon as the earlier released installment is utilized satisfactorily. Is it necessary either for the company or the bank to register the charge on plot with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry?

- a) It is not necessary either for the bank or the company to register the charge on plot of land with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry.

- b) **It is necessary to get the charge on plot on land registered with the concerned Registrar of Companies (ROC) irrespective of the fact that mortgage is registered with the Central Registry.**
- c) The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the actual liability of the company with the Bank exceeds Rs. 1.00 crore.
- d) The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the term loan sanctioned by the bank to the company exceeds Rs. 2.00 crores.

Q4

The instrument creating a charge or modification thereon shall be preserved for a period of years from the date of satisfaction of charge by the company.

- a) 5
- b) 7
- c) **8**
- d) 15

Q5

An interest or lien created on the property or assets of a company or any of its undertakings or both as security is known as:

- a) Debt
- b) **Charge**
- c) Liability
- d) Hypothecation

Q6

The registrar shall keep a register of charges which shall be open to inspection by on payment of fee:

- a) the company
- b) the charge holder
- c) holder
- d) any person

Q7

With a view to augment its production, Surya Techno-Products Limited availed a loan of Rs 50.00 lacs from Shrilaxmi First Bank Limited for purchase of a new machinery by offering its factory worth Rs 2.25 crores as security. However, the company did not initiate any steps to get the charge on factory registered in favour of lending banker within the specified time. As soon as the charge-holder bank came to know about the non-registration of charge with the ROC, it applied to the Registrar for registration of charge along with the instrument creating the charge and paid the requisite fees when demanded. Advise the bank whether it can recover the fees so paid for registration of charge from Surya Techno- Products.

- a) **Yes, the bank can recover the fees paid by it for registration of charge.**
- b) No, the bank cannot recover the fees paid by it for registration of charge because the bank is equally responsible for getting the charge registered.
- c) Only when it obtains recovery orders from Regional Director (RD), the bank can recover the fees paid by it for registration of charge from the company.
- d) Only when it obtains recovery orders from National Company Law Tribunal (NCLT), the bank can recover the fees paid by it for registration of charge from the company.

Q8

A charge was created by Cygnus Softwares Limited on its office premises to secure a term loan of Rs. 1.00 crore availed from Next Gen Commercial Bank Limited through an instrument of charge executed by both the parties on 16th February, 2019. Inadvertently, the company could not get the charge registered with the concerned Registrar of Companies (ROC) within the first statutory period permitted by law and the default was made known to it by the lending banker with a stern warning to take immediate steps for rectification. Advise the company regarding the latest date within which it must register the charge with the ROC so that it is not required to pay a specific type of fees for charge registration.

- a) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 27th April, 2019.
- b) **With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 17th April, 2019.**
- c) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 2nd May, 2019.
- d) The company cannot now get the charge register as the time prescribed by Law has expired.

Q9

Cyplish Games and Toys Limited was sanctioned a term loan of Rs 60.00 lacs by Zawnn Industrial Bank Limited on 21st November, 2018. As a security, the company offered its office premises situated at Bandra, Mumbai and an instrument of charge was executed. However, the company failed to get the charge registered with the concerned Registrar within the first as well as second statutory period available as per law. This was adversely commented by the internal auditors of the bank and therefore, after a strict advisory received from Shahji, the senior manager of the bank, the company was prompted to take steps for registration of charge. Name the specific type of fees which the company is now required to pay for registration of charge.

- a) Special Fees.
- b) **Ad-valorem Fees.**
- c) A Late Registration Fees
- d) Ad-valorem Duty.

Q10

Raj Limited purchased a property from ABC Limited which was mortgaged to DEF Bank against a loan of ` 50 lakh. Raj Limited settled the dues to DEF Bank and the same was registered with the sub-registrar. However, neither the ABC Limited nor DEF Bank has filed particulars of satisfaction

of charge with the Registrar of Companies. In this particular case what will Raj Limited do to file particulars of satisfaction of charge with the Registrar of Companies?

- a) Raj Limited needs to approach DEF Bank or ABC Limited to file a memorandum of satisfaction as they were the party to mortgage.
- b) Raj Limited can directly request the Registrar to file a particulars of satisfaction noting the release of charge.**
- c) Raj Limited needs to approach DEF Bank (mortgagee) to file particulars of satisfaction of charge with the Registrar of Companies.
- d) Raj Limited needs to approach ABC Limited (mortgagor) to file particulars of satisfaction of charge with the Registrar of Companies.

Q11

Any person acquiring property, on which charge is registered under section 77, shall be deemed to have notice of the charge from:

- a) the expiry of thirty days of such charge
- b) the date of application for registration of the charge
- c) the date of acquiring the property
- d) the date of such registration**

Q12

A charge was created by Cygnus Softwares Limited on its office premises to secure a term loan of ₹ 1 crore availed from Next Gen Commercial Bank Limited through an instrument of charge executed by both the parties on 16 th February, 2023. Inadvertently, the company could not get the charge registered with the concerned Registrar of Companies (ROC) within the first statutory period permitted by law and the default was made known to it by the lending banker with a stern warning to take immediate steps for rectification. The latest date within which the company must register the charge with the ROC so as to avoid paying ad valorem fees for registration of the charge is:

- a) 27th April, 2023
- b) 17th April, 2023**
- c) 2nd May, 2023
- d) 16th June 2023

Q13

The instrument creating a charge or modification thereon shall be preserved for a period of years from the date of satisfaction of charge by the company.

- a) 5
- b) 7
- c) 8**
- d) 15

Q14

Who cannot inspect the register of charges and instrument of charges, during business hours, without paying any fees:

- a) Any member of the company
- b) The Creditor of the company
- c) Persons other than member and creditor of the company**
- d) No person is allowed to inspect the register of charges

CHAPTER 7 – Management & Administration

Q1

Supertech Computers Pvt. Ltd has 120 members. It sends notice to all of them. 20 members did not attend the meeting. Out of remaining 100 members, 20 members abstained from voting. Advise the company, how many members should vote in favour of resolution, if it has to be passed as a Special Resolution?

- a) 60 Votes**
- b) 80 Votes
- c) 41 votes
- d) 20 votes

Q2

ABC Ltd., a pharmaceutical company was having its manufacturing plant in Solan, Himachal Pradesh. The address of its registered office as informed to the Registrar of Companies was of one of its Director's office, situated at Mumbai, Maharashtra. To comply with the provisions of the Companies Act, 2013 it was keeping all its books of accounts, other relevant papers and financial statements at its registered office. After sometime Directors of the company found it difficult to maintain such books etc. at the registered office, so in a duly convened meeting of the Board of the Directors, it was decided that the books of accounts and other relevant papers be kept at the office situated in Solan. Within which time period the Registrar must be given notice about such decision of the board –

- a) Within 30 days from the date of taking such decision by the board.
- b) Within 15 days from the date it starts maintaining its books of accounts at the office situated at Solan.
- c) Within 30 days from the date it starts maintaining its books of accounts at the office situated at Solan.
- d) Within 7 days from the date of taking such decision by the board.**

Q3

ABC Infrastructures Limited is a listed company quoted at National Stock Exchange. The company closed its Register of Members in June and August, 2017 for 12 and 21 days respectively. The CFO of company has informed the company secretary to consider closing of register in

December for another 15 days for some strategic reasons. Referring to the provisions of Companies Act, 2013, examine the validity of above action of the company.

- a) Valid, as the closure of register of members by company each time is not exceeding 30 days.
- b) Invalid, as company cannot go for closure of Register of members more than twice in a year.
- c) Invalid, as the period of closing register of members exceeding 30 days in a year.
- d) Invalid, as the period of closing the Register of members by the company is exceeding 45 days in a year.

Q4

The Annual General meeting of Tirupati Limited was scheduled for 28th December, 2017. Mr. Ananat, shareholder of Tirupati Limited has desired to inspect inspection of proxies lodged with the company. The notice for inspection should be given at least before the meeting:

- a) 24 hours
- b) 1 day
- c) 2 days
- d) **3 days**

Q5

In the current financial year Zunee Traders Limited, a non-listed company, has 556 members, increased from 451 members which it had in the immediate previous financial year. For the forthcoming Annual General Meeting (AGM), advise the company whether it is required to provide to its members the facility to exercise their right to vote at this AGM by electronic means.

- a) Since the company has more than 500 members it is required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means.
- b) **The company is not required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means since its members are less than one thousand.**
- c) Though the company is required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means because it has more than 500 members, it can, as a onetime measure, seek exemption from ROC beforehand and in that case, it need not provide facility of voting by electronic means.
- d) Only a listed company is required to provide to its members the facility to exercise their right to vote at the General Meetings by electronic means.

Q6

Which one of the following requires ordinary resolution?

- a) to change the name of the company
- b) to alter the articles of association
- c) to reduce the share capital
- d) **to declare dividends.**

Q7

Neha is a director of Primus Limited. She intends to participate in the board meeting through video conferencing and has intimated the same to the chairperson at the beginning of calendar year. Advise, Neha for how long such declaration shall be valid.

- a) 1 month
- b) 6 month
- c) 1 year**
- d) She has to furnish declaration for each meeting separately

Q8

A resolution shall be a special resolution when the votes cast in favour of the resolution by members are not less than __ the number of votes, if any, cast against the resolution.

- a) Twice
- b) Three times**
- c) One third
- d) One fourth

Q9

Lalit made an offer to Managing Director (MD) of a company. MD accepted the offer though he had no authority to do so. Subsequently Lalit withdrew the offer but the company had already ratified the MD's acceptance. State which of the statement given hereunder is correct:

- a) Lalit is bound with the offer due to ratification
- b) An offer once accepted cannot be withdrawn
- c) Both option (a) & (b) is correct**
- d) Lalit is not bound to an offer.

Q10

The Annual General Meeting of Brother Limited was held on 25 May 2021. According to the provisions of Companies Act, 2013, till what date the company should submit report of AGM to the registrar?

- a) 04.06.2021
- b) 09.06.2021
- c) 24.06.2021**
- d) 25.06.2021

Q11

Gama Limited's General Meetings are held at its registered office situated in Delhi. The minute book of General meetings of Gama Limited will be kept at:

- a) That place where members of Gama Limited will decide.
- b) That place where all employees of Gama Limited will decide.
- c) Registered office of the company Gama Limited.**

- d) That place where senior officials of Gama Limited will decide.

Q12

Vinod is a director of Prem Limited. He intends to participate in the board meeting through video conferencing and has intimated the same to the chairperson at the beginning of calendar year. Advise, Vinod for how long such declaration shall be valid.

- a) 1 month
- b) 6 month
- c) 1 year**
- d) He has to furnish declaration for each meeting separately

Q13

A resolution shall be a special resolution when the votes cast in favour of the resolution by members are not less than the number of votes, if any, cast against the resolution :

- a) Twice
- b) Three times**
- c) Three fourth of
- d) Two third of

Q14

The Annual General Meeting (AGM) of Green Limited was held on 31.8.2022. Suppose the Chairman of the company after two days of AGM went abroad for next 31 days. Due to the unavailability of the Chairman, within time period prescribed for submission of copy of report of AGM with the registrar, the report as required was signed by two Directors of the company, of which one was additional Director of the company. Comment on the signing of this report of AGM.

- a) Yes, the signing is in order as the report can be signed by any director in the absence of Chairman.
- b) No, the signing is not in order as only the Chairman is authorised to sign the report
- c) Yes, the signing is in order, as in the absence of Chairman at least two directors should sign the report.
- d) No, the signing is not in order, since in case the Chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director, if there is one and company secretary of the company.**

Q15

The AGM shall be called by giving 21 clear days' notice. However, it can be called by giving shorter notice if members entitled to vote at that meeting give their consent in writing or by electronic mode. In such cases how many members have to give their consent?

- a) 75% of members entitled
- b) 90% of members entitled
- c) 91% of members entitled
- d) 95% of members entitled**

Q16

First annual general meeting of the company should be held within from the closing of the first financial year.

- a) 6 months
- b) 9 months**
- c) 12 months
- d) 18 months

Q17

In case of a Private company, quorum of Annual General Meeting is:

- a) 1 member personally present
- b) 2 members personally present**
- c) 3 members personally present
- d) 5 members personally present

Q18

All the 40 members of Taxila Traders Limited have valid voting rights. Due to some urgency, its directors are desirous of convening Annual General Meeting (AGM) at a shorter notice than statutorily required. Is it possible for them to do so?

- a) Taxila Traders Limited cannot convene AGM at shorter notice than statutorily required.
- b) Taxila Traders Limited can convene AGM at shorter notice than statutorily required, if consent in writing or by electronic mode is accorded by all the forty members who are entitled to vote at the AGM.
- c) Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 38 members who are entitled to vote at the AGM.
- d) Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 36 members who are entitled to vote at the AGM.

Q19

The minute book of General meetings of Alpha Limited will be kept at:

- a) That place where members of Alpha Limited will decide.
- b) That place where all employees of Alpha Limited will decide.
- c) Registered office of the company Alpha Limited.**
- d) That place where senior officials of Alpha Limited will decide.

Q20

Red Flag Ltd., which has its registered office at Delhi and having 12500 members is holding its Annual General Meeting in Ashoka Hotel. Despite swanky arrangements most of the members

did not turn up and quorum was not present within half an hour of the schedule time of the meeting, as a result meeting was adjourned. However, due to heavy booking schedule, hotel authorities could not make available, for adjourned meeting, sufficient space in the same hall where meeting was originally called but allowed conduct of meeting in a different hall on a different floor next week at same time. Please advise the option available to board:

- a) The meeting stands adjourned automatically to the same place and time next week as per provisions of law. There is no alternate but to hold meeting in the same hall,
- b) As same banquet hall is not available meeting can be held at different place as may be decided appropriate by the Board,**
- c) As the same hall is not available to conduct meeting after one week, a fresh notice of 21 days is needed for a different location,
- d) As the same hall is not available to conduct the meeting, the company needs to conduct meeting electronically through internet and give sufficient notice to shareholders,

Q21

Amber Limited is a manufacturer of glassware. Its paid up share capital is divided into 20,0000 shares of ` 100 each. The company is maintaining its register of members as per the provisions of the Companies Act, 2013. The company wanted to close its register of members for declaring dividend. It may do so by giving minimum days' notice.

- a) 7 days**
- b) 10 days
- c) 15 days
- d) The register of members cannot be closed.

Q22

Raman, the original allottee of 2000 equity shares in ABC Limited has transferred the same to Ruchi. The instrument of transfer dated 21st August, 2020, duly stamped and signed by Raman was handed over to Ruchi. Advise Ruchi regarding the latest date by which the instrument of transfer along with share certificates must be delivered to the company, to register the transfer in its register of members.

- a) 21st August, 2020.
- b) 20th September, 2020
- c) 20th October, 2020.**
- d) 19th November, 2020

Q23

Vichar Vimarsh Limited called its Annual General Meeting on 20th September, 2022 to consider and adopt the financial result as of 31st March, 2022. Due to want of quorum the meeting was adjourned and the adjourned meeting was held on 27th September, 2022. What is the last date of filing of Annual Return with the Registrar of Companies:

- a) 60 days from the date of 31st March, 2022
- b) 60 days from the date of 20th September, 2022
- c) 60 days from the date of 27th September, 2022

d) **60 days from the date of 30th September, 2022**

Q24

The AGM shall be called by giving 21 clear days' notice. However, it can be called by giving shorter notice if members entitled to vote at that meeting give their consent in writing or by electronic mode. In such cases how many members have to give their consent?

- a) 75% of members entitled
- b) 90% of members entitled
- c) 91% of members entitled
- d) **95% of members entitled**

Q25

Which among the following companies is not required to provide its members the facility to exercise right to vote by electronic mode under the provisions of the Companies Act, 2013?

- a) B Limited, whose equity shares (the company is having both equity as well as preference shares) are listed on a recognised stock exchange.
- b) A Limited, whose equity shares (only type of share the company is having) are listed on a recognised stock exchange
- c) **C Limited, whose preference shares (the company is having both equity as well as preference shares) are listed on a recognised stock exchange**
- d) D Limited, whose equity shares as well as preference shares are listed on a recognised stock exchange.

CHAPTER 8 – Declaration and Payment of Dividend**Q1**

In how many days from the date of declaration of interim dividend, it shall be deposited in a separate bank account

- a) **5 days**
- b) 7 days
- c) 15 days
- d) 21 days

Q2

After Declaration of dividend, it should be paid within

- a) 14 days
- b) 21 days
- c) **30 days**
- d) 45 days

Q3

ABC Ltd., a listed company proposed a dividend @ 15% on equity shares for the financial year ended on 31st March 2018. The Annual General Meeting (AGM) of the company was held on 15th July 2018 and the proposed dividend was approved and declared in the same. Due to some technical issues, dividend on 600 shares neither be paid within the time limit prescribed by the Act nor was transferred to unpaid dividend account. In such a situation which regulatory authority can take action against the company and its officers in default?

- a) Central Government
- b) **SEBI**
- c) Tribunal Answer
- d) Investor Education and Protection Fund Authority

Q4

The Board of Directors of Vidyut Limited are contemplating to declare interim dividend in the last week of July, 2021 but the company has incurred loss during the current financial year up to the end of June, 2021. However, it is noted that during the previous five financial years i.e., 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21, the company had declared dividend at the rate of 8%,

9%, 12%, 11% and 10% respectively. Advise the Board as to the maximum rate at which they can declare interim dividend despite incurring loss during the current financial year.

- a) Maximum at the rate of 10%.
- b) **Maximum at the rate of 11%.**
- c) Maximum at the rate of 10.5%.
- d) Maximum at the rate of 11.5%

Q5

Amount to be transferred to reserves out of profits before any declaration of dividend is

- a) 5%
- b) 7.5%
- c) 10%
- d) **at the discretion of the company**

Q6

Mr. Guru bought 40,000 shares of Real Consultancy Services (RCS) of face value 10 each out of his savings. On such shares, the final call of Rs. 2 is due but unpaid by Mr. Guru. In the meantime, RCS declared dividend at a rate of 15%. Regarding un-paid call money by Mr. Guru, in light of dividend due to him from RCS, state which of following the statements is correct?

- a) Dividend cannot be adjusted against the unpaid call money
- b) **The dividend of Rs. 48,000 can be adjusted against unpaid call money**
- c) The dividend of Rs. 48,000 can be adjusted against unpaid call money, only if consent is given by Mr. Guru.
- d) The dividend of Rs. 64,000 can be adjusted against unpaid call money, even if consent is not given by Mr. Guru.

Q7

When the dividend is declared at the Annual General Meeting of the company, it is known as

- a) **Final Dividend**
- b) Interim Dividend
- c) Dividend on preference shares
- d) Scrip Dividend

Q8

Sumitra Healthcare and Hospitality Limited had issued 9% non-convertible debentures which matured four years back. However, 1000 such debentures of Rs. 100 each are still remaining unclaimed and unpaid even after the maturity. State the period after which the company needs to transfer them to Investor Education and Protection Fund (IEPF) if they remain unclaimed and unpaid.

- a) After the expiry of five years from the maturity date.

- b) After the expiry of six years from the maturity date.
- c) **After the expiry of seven years from the maturity date.**
- d) After the expiry of eight years from the maturity date.

Q9

During the half year ended September 2021, the board of directors (BOD) of New Era Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended on March 2019. Further during the year ended March 2022, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2021. You are required to state the validity of the acts of the Board of directors.

- a) The act of the BOD is valid only to the extent of application made for revisions in accounts as board's report are not eligible for revision.
- b) The act of the BOD is valid as application made for revision in the accounts and board's report pertains to two different financial year.
- c) The act of the BOD is invalid as the law provides for only one time application to be made in a financial year for revision of accounts and boards report.
- d) **The act of the BOD is invalid as to the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2022. The application made for revision in the Board report is however valid in law.**

Q10

Shreyas Mechanics Limited owns a plot of land which was purchased long before. As the property rates are going up, it is decided to revalue the plot at fair value which is moderately ten times the original price, thus resulting in a revaluation profit of Rs.20,00,000. The Board of Directors is keen to utilize Rs.20,00,000 along with free reserves of Rs.24,00,000 for declaration of dividend at the forthcoming Annual General Meeting (AGM) to be held on 28th September, 2019. Advise the company.

- a) **Rs. 20,00,000 are to be excluded from the distributable profits as the same cannot be utilized towards declaration of dividend.**
- b) Only 25% of Rs. 20,00,000 can be utilized as distributable profits towards declaration of dividend.
- c) Up to 50% of Rs.20,00,000 can be utilized as distributable profits towards declaration of dividend.
- d) Up to 60% of Rs. 20,00,000 can be utilized as distributable profits towards declaration of dividend.

Q11

Dividend once declared, should be paid within days from the date of declaration .

- a) 14
- b) 21
- c) **30**
- d) 60

Q12

When the dividend is declared at the Annual General Meeting of the company, it is known as

- a) **Final Dividend**
- b) Interim Dividend
- c) Dividend on preference shares
- d) Scrip Dividend

Q13

Amount to be transferred to reserves out of profits before any declaration of dividend is

- a) 5%
- b) 7.5%
- c) 10%
- d) **at the discretion of the company.**

Q14

The Board of Directors of Vidyut Limited are contemplating to declare interim dividend in the last week of July, 2022 but the company has incurred loss during the current financial year up to the end of June, 2022. However, it is noted that during the previous five financial years i.e., 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22, the company had declared dividend at the rate of 8%, 9%, 12%, 11% and 10% respectively. Advise the Board as to the maximum rate at which they can declare interim dividend despite incurring loss during the current financial year.

- a) Maximum at the rate of 10%.
- b) **Maximum at the rate of 11%.**
- c) Maximum at the rate of 10.5%
- d) Maximum at the rate of 11.5%.

Q15

The amount accumulated in the Investor Education and Protection Fund shall not be used for:

- a) refunds in respect of unclaimed dividends, matured deposits, matured debentures, application money due for refund and interest thereon.
- b) reimbursement of legal expenses incurred in pursuing class action suits under section 37 and 245.
- c) **grants or donation to the Central Government for the purpose of investor's education and training.**
- d) distribution of any disgorged amount among eligible and identifiable applicants who have suffered losses.

Q16

In case a company fails to pay declared dividends or fails to post dividend warrants within 30 days of declaration, company shall be liable to pay simple interest at the rate ofduring the period for which such default continues.

- a) 6% p.a.
- b) 12% p.a.
- c) 15% p.a.
- d) **18% p.a**

CHAPTER 9 – Account of Companies

Q1

Amex limited is a public company having a net- worth of Rs. 950 crores, turnover of 200 crores (the company is just 5 years since the date of its incorporation) during the immediately preceding financial year, has to constitute a Corporate Social Responsibility (CSR) Committee. It has 9 Directors (A, B, C, D, E, F, G, H and I). Further, Mr. F, G, H and I are independent directors. Out of the following statements which statement is correct:

- a) CSR committee may constitute of A, B and C
- b) CSR committee may constitute of A, B and D
- c) **CSR committee may constitute of A, F and G**
- d) There is no need to constitute a CSR committee as the turnover is just 200 crores during the immediately preceding financial year

Q2

Excellent Art Private Limited, has a paid up capital of Rs.50 crore, Turnover of Rs.25 crore and borrowing of Rs.25 crore and outstanding deposits of Rs.30 crore. Decide if the Company needs to comply with internal audit requirements under the Act?

- a) No. The provisions of Internal audit are not applicable on private companies.
- b) Yes. Company is having Paid up capital of Rs.50 Crore and outstanding deposits more than Rs.25 crore.
- c) **No. Because the borrowings are less than Rs.100 crore and Turnover is less than Rs.200 crore**
- d) None of the above

Q3

A company can re- open / recast its book of accounts on an application to Tribunal made by:

- a) Registrar
- b) Member
- c) Board of Directors
- d) **Income – Tax Authorities**

Q4

Feel Rich Co. Ltd. Having its registered office at New Delhi, is a subsidiary of a German company named Richman Company limited. The financial year of the parent/holding company ends on 31st December every year. The subsidiary company intends to follow a different financial year for consolidation of its accounts with its parent company, situated outside India. For doing so it is required to take prior permission of the competent authority. For the purpose from the following who will be this competent authority—

- a) Registrar of Companies at New Delhi
- b) Tribunal
- c) Ministry of Corporate Affairs
- d) SEBI

Q5

One Person Company shall file a copy of the duly adopted financial statements to the Registrar in:

- a) 30 days of the date of meeting in which it was adopted.
- b) 90 days of the date of meeting in which it was adopted.
- c) 90 days from the closure of the financial year.
- d) **180 days from the closure of the financial year.**

Q6

Shri Limited (a company having CSR Committee as per the provision of Section 135 of the Companies Act, 2013) decides to spend and utilize the amount of Corporate Social Responsibility on the activities for the benefit of all the employees of Shri Limited. As per the provision of Companies Act, 2013 this would mean that:-

- a) This is the total amount spent on Corporate Social Responsibility activities by Shri Limited for that financial year
- b) **No amount spent on Corporate Social Responsibility activities by Shri Limited for that financial year**
- c) Only Half of the total amount spent, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year
- d) Only the amount that has been spent on the employees having salary of Rs. 20,000 per month or less, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year.

Q7

ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2021, the securities and exchange board of India (SEBI) has found some irregularities in the filings made by the company. Accordingly, SEBI proposes to make an application to the Tribunal for reopening of the books of accounts of the Company. You, as an expert, are called upon by SEBI to advise with which last financial year for reopening of books of accounts an application can be made?

- a) 2016-2017

- b) 2014-2015
- c) 2011-2012
- d) **2012-2013**

Q8

During the half year ended September 2020, the board of directors (BOD) of Gold Leaf Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended on March 2018. Further during the year ended March 2021, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2020. You are required to state the validity of the acts of the Board of directors.

- a) The act of the BOD is valid only to the extent of application made for revisions in accounts as board's report are not eligible for revision.
- b) **The act of the BOD is valid as application made for revision in the accounts and board's report pertains to two different financial year.**
- c) The act of the BOD is invalid as the law provides for only one time application to be made in a financial year for revision of accounts and boards report.
- d) The act of the BOD is invalid as to the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2021. The application made for revision in the Board report is however valid in law.

Q9

The financial statement in relation to a dormant company may not include:

- a) balance sheet
- b) **cash flow statement**
- c) applicable explanatory note
- d) profit and loss account.

Q10

Pratham Limited has decided to spend ` 40 lakhs on project of CSR. The average net profit of the company is ` 10 crores. But due to some reasons, company was able to spend only Rs. 30 lakhs. Now what will be the option for the company for the rest Rs.10 lakhs.

- a) Penal provision will be applicable for unspent amount of Rs.10 lakhs.
- b) No penal provision but explanation is required in Board report for not spending ` 10 lakhs
- c) **No penal provision**
- d) The company is required to transfer the amount to separate fund.

Q11

The company X plans to cover its skilled as well as semi-skilled workers of its units under medical health insurance plan, for which the company X will bear the expenses. Will this expenditure be permissible under CSR activities as per the provisions of the Companies Act, 2013:

- a) only expenditure on skilled workers is allowed
- b) expenditure on both skilled and semi- skilled workers is allowed

- c) Resolution to be passed in board meeting before incurring this expenditure and in the board report it must be mentioned, so that the same will be permissible under CSR activities
- d) **such expenditure is not permissible under eligible CSR activities**

Q12

The Corporate Social Responsibility Committee of the board shall consist of:

- a) Three or more directors out of which at two directors shall be Independent Director
- b) **Three or more directors out of which at least one director shall be Independent Director.**
- c) Three or more directors and all should be Independent Directors
- d) Three or more directors with condition of not a single director should be Independent Director

Q13

Victory Limited was incorporated in January 2015. How much expenditure Victory Limited shall ensure to spend in pursuance of its Corporate Social Responsibility Policy:

- a) The company shall ensure to spend in every financial year, at least 2% of the average gross profits of the company made during the 2 immediately preceding financial years.
- b) **The company shall ensure to spend in every financial year, at least 2% of the average net profits of the company made during the 3 immediately preceding financial years.**
- c) The company shall ensure to spend in every financial year, at least 1% of the average net profits of the company made during the 2 immediately preceding financial years.
- d) The company shall ensure to spend in every financial year, at least 1% of the average net profits of the company made during the 3 immediately preceding financial years.

Q14

Which of the following is not mandatorily required to include cash flow as part of its financial statement.

- a) Shiv Limited
- b) Shiv Private Limited (not a start- up company)
- c) **Shiv (OPC) Private Limited**
- d) Shiv Limited, having paid up share capital of 3 crore and turnover of 30 crore

Q15

Compute the minimum amount the company (Natraj Limited) is required to spend on account of Corporate Social responsibility year 2022-2023, if during the financial years 2019-2020, 2020-2021 and 2021-2022 net profits are Rs. 30 crore, Rs.25 crore and Rs.32 crore respectively.

- a) Rs. 87 lac
- b) Rs. 1.14 crore
- c) Rs. 1.64 crore
- d) Rs. 58 lac

Q16

G Ltd. (a company having CSR Committee as per the provision of Section 13 of the Companies Act, 2013) decides to spend and utilize half of the amount of Corporate Social Responsibility on the activities for the benefit of all the employees of G Limited and the remaining half of the amount of Corporate Social Responsibility on the activities for the benefit of family members of employees of G Limited As per the provision of Companies Act, 2013 this would mean that:-

- a) Total Amount spent on Corporate Social Responsibility Activities by G Limited for that financial year
- b) No amount spent on Corporate Social Responsibility Activities by G Limited for that financial year**
- c) Half amount spent on Corporate Social Responsibility Activities by G Limited for that financial year
- d) Half amount spent on Corporate Social Responsibility Activities and remaining half amount spent on Other Activities by G Limited for that financial year

Q17

ABC Limited has its shares listed on a recognized stock exchange in India. During the current financial year ending on 31st March 2023, the Securities and Exchange Board of India (SEBI) has found some irregularities in the filings made by the company. Accordingly, SEBI proposes to make an application to the Tribunal for reopening of the books of account of the Company. You, as an expert, are called upon by SEBI to advise the earliest financial year to be quoted in application for reopening of books of account may be granted by Tribunal?

- a) 2018-2019
- b) 2016-2017
- c) 2013-2014
- d) 2014-2015**

Q18

During the half year ended September 2022, the board of directors (BOD) of New Era Limited has made an application to the Tribunal for revision in the accounts of the company for the financial year ended on March 2020. Further during the year ended March 2023, the BOD has again made an application to the Tribunal for revision in the board's report pertaining to the year ended March 2022. You are required to state the validity of the acts of the Board of directors.

- a) The act of the BOD is valid only to the extent of application made for revisions in accounts as board's report are not eligible for revision.

- b) **The act of the BOD is valid as application made for revision in the accounts and board's report pertains to two different financial year.**
- c) The act of the BOD is invalid as the law provides for only one time application to be made in a financial year for revision of accounts and boards report.
- d) The act of the BOD is invalid as to the application made for revision in accounts pertains to a period beyond 2 years immediately preceding the year 2023. The application made for revision in the Board report is however valid in law.

Q19

As per the provisions of the Companies Act, 2013, which of the following statement is correct with respect to the surplus arising out of the CSR activities:

- a) The surplus cannot exceed five percent of total CSR expenditure of the company for the financial year.
- b) **The surplus shall not form part of the business profit of a company**
- c) The surplus cannot exceed 10 percent of total CSR expenditure of the company for the financial year.
- d) The surplus shall form part of the business profit of a company

Q20

Shri Limited (a company having CSR Committee as per the provision of Section 135 of the Companies Act, 2013) decides to spend and utilize the amount of Corporate Social Responsibility on the activities for the benefit of all the employees of Shri Limited. As per the provision of Companies Act, 2013 this would mean that:

- a) This is the total amount spent on Corporate Social Responsibility activities by Shri Limited for that financial year
- b) **No amount spent on Corporate Social Responsibility activities by Shri Limited for that financial year**
- c) Only half of the total amount spent, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year
- d) Only the amount that has been spent on the employees having salary of ₹ 20,000 per month or less, shall be considered to be spent on Corporate Social Responsibility activities by Shri Limited for that financial year.

Q21

Modern Furniture Limited (MFL) is required to prepare the financial statement that comply with accounting standards and shall be in form specified in schedule III. But the financial statement prepared and presented are not in compliance with applicable accounting standards, therefore MFL required to disclose which of following:

- i. Deviation
 - ii. Reason of deviation
 - iii. Financial effects arise out of such deviation.
- a) Only i
 - b) Only i and ii

- c) Only i and iii
- d) **All of i, ii, and iii**

Q22

Compute the minimum amount that Modern Furniture Limited is required to spend on account of Corporate Social responsibility year 2022-2023. MFL was incorporated in August 2020. Net-profit made during the financial years 2020-2021 and 2021-2022 are ₹ 20 crore, and ₹ 38 crore respectively.

- a) ₹ 76 lac
- b) ₹ 1.16 crore
- c) **₹ 58 lac**
- d) Since the company has not completed the period of three financial years since its incorporation, hence no CSR spending is required.

CHAPTER 10 – AUDIT AND AUDITORS**Q1**

BSP Ltd appointed XPP & Co LLP as their statutory auditors for the year ended 31 March 2018 on 18 June 2018, as per Section 139(8) of the Companies Act 2013, to fill the casual vacancy caused by resignation of previous statutory auditors to hold office till the conclusion of next Annual General Meeting (AGM) of BSP Ltd. BSP Ltd is listed with Bombay Stock Exchange and National Stock Exchange. BSP Ltd is covered under auditors rotation requirements and wants to re-appoint XPP & Co LLP at their next AGM. Please advise.

- a) **XPP & Co LLP can be re-appointed for a term of five consecutive years at the AGM and after that can be considered for re-appointment for another five consecutive years.**
- b) XPP & Co LLP can be re-appointed for a term of four consecutive years at the AGM and after that can be considered for re-appointment for another five consecutive years.
- c) XPP & Co LLP can be re-appointed for a term of five consecutive years at the AGM.
- d) XPP & Co LLP cannot be re-appointed at the AGM.

Q2

NTW Ltd is listed on National Stock Exchange and has a turnover of INR 4500 crores. NTW Ltd has 12 subsidiaries, 3 associate companies and 5 joint venture companies (collectively referred to as NTW Group). AKW & Co LLP is the statutory auditor of NTW Ltd. NTW Ltd wants to appoint AKW as the statutory auditors for entire NTW Group. In respect of this, please advise the management of NTW Group.

- a) AKW & Co LLP can be appointed as statutory auditors for only 10 companies of NTW Group.
- b) AKW & Co LLP can be appointed as statutory auditors for only 20 companies of NTW Group.
- c) AKW & Co LLP can be appointed as statutory auditors for all the companies of NTW Group.
- d) **AKW & Co LLP can be appointed as statutory auditors for all the companies of NTW Group provided they meet the limits requirements as per the Companies Act 2013.**

Q3

Advise whether the auditor appointed by a private limited company with paid up capital of Rs.30.00 Crore, in the following cases are valid for the financial year 2017-18:-

- a) Amanpreet (an Individual auditor) who has been the auditor since the Financial Year 2011-12
- b) Firm MGA & associates was appointed as auditor in the Financial Year 2011-12.**
- c) Firm MGA & associates, who completed 10 years continuously as auditor in company. Now company wants to appoint VGA & associates wherein Mr. V is a partner who is also partner in MGA & Associates.
- d) The provisions of rotation of auditor are not applicable on private companies

Q4

Which of the following is a prohibited services to be rendered by the auditor of the Company

- a) design and implementation of any financial information system**
- b) making report to the members of the company on the accounts examined by him
- c) compliance with the auditing standards
- d) Reporting of fraud against the company by officers or employees to the Central Government.

Q5

For appointing an auditor other than the retiring auditor

- a) Special notice is required.**
- b) Ordinary notice is required.
- c) Neither ordinary nor special notice is required
- d) Approval of Central Government is required.

Q6

Which of the non-financial matter, Statutory auditor is required to report in his report:

- a) Whether employees appointed during the period covered by audit meet the requisite educational/professional qualification at the time of appointment.
- b) Whether every page of minute book of General meetings bears full signature of Chairman as per provisions of Companies Act, 2013.
- c) Whether the incorporation documents are managed properly.
- d) Whether any director is disqualified from being appointed as a director under section 164(2).**

Q7

The word 'firm' for the purpose of Section 139 shall include-

- a) An individual auditor
- b) LLP**
- c) An individual auditor and LLP both
- d) A company

Q8

Birthday Card Limited, a listed company can appoint or re-appoint, Mishra & Associates (a firm of Chartered Accountants), as their statutory auditors for:

- a) One year only
- b) One term of 3 consecutive years only
- c) One term of 4 consecutive years only
- d) **Two terms of 5 consecutive years**

Q9

Every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its:

- a) Second annual general meeting
- b) Fourth annual general meeting
- c) **Sixth annual general meeting**
- d) Eight annual general meeting

Q10

For appointing an auditor other than the retiring auditor,

- a) **Special notice is required.**
- b) Ordinary notice is required.
- c) Neither ordinary nor special notice is required
- d) Approval of Central Government is required

Q11

Unicorn Steel Private Limited is incorporated as on 02.06.2022, board of directors of the company held board meeting as on 15.06.2022 to appoint Jain Ajmera & Associates as a first auditor of the company for a term of 5 years. As per section 139(6) of the Companies Act, 2013, the board shall appoint first director within 30 days from the date of registration of the company. Evaluate the legal validity;

- a) Valid
- b) **Invalid**
- c) Valid after approval of shareholder in General Meeting
- d) Valid only after approval of Central Government

Q12

Special Resolution to remove auditor at general meeting shall be passed within ----- form the approval from central government.

- a) 30 days
- b) 1 month
- c) **60 days**

- d) 3 Months

CHAPTER 11 – Companies Incorporated outside India

Q1

Surya Ltd., incorporated and registered in New Delhi with a foreign shareholding more than 50% due to liberalization in Foreign Direct Investment (FDI) policy. State the correct statement as to the status of the Surya Ltd.

- a) Surya limited shall not considered as foreign source because of its registration in India.
- b) Surya Ltd would be ‘foreign source’ have foreign shareholding more than 50% of foreign company.**
- c) Surya Ltd would be ‘foreign source’ have foreign contribution through various international agencies.

Q2

Vision Ltd., a foreign Company incorporated in Singapore, appointed Mr. X as a representative in India for the management of place of business in India. Due to un satisfactory services of Mr. X, Vision Ltd. replaced him and appointed Mr. Y. Vision Ltd. is required to comply with which of the following requirement-

- a) Vision Ltd. shall file return to the Registrar of Company in India, within 30 days of the appointment of Mr. Y**
- b) Vision Ltd. being a foreign co. in Singapore does not require to give any such intimation of replacement/ change made for management of place of business in India
- c) Vision Ltd. shall intimate of such alteration at the place where its registered within 15 days from such alteration.
- d) Vision Ltd. shall file return to the Registrar, within 1 month of such alteration as to appointment of Mr. Y

Q3

Videshi Ltd., a foreign company established with a principal place of business at Kolkata, West Bengal. The company delivered various documents to Registrar of Companies. State the number of days and place where the said company shall deliver such documents:

- a) Within 15 days to the Central Government

- b) Within 15 days to the Registrar having jurisdiction over New Delhi
- c) Within 30 days to the Registrar having jurisdiction over West Bengal
- d) **Within 30 days to the Registrar having jurisdiction over New Delhi**

Q4

In which of the following cases the issue of prospectus by a company incorporated outside India will be invalid in law considering the provisions of Chapter XXII of Companies Act, 2013.

- a) The Consent to the issue of the prospectus required from any person, as an expert is attached to the copy for the registration of prospectus to be delivered to the Registrar.
- b) **In case where the prospectus is signed by the duly authorized agents of the directors and the copy of power of attorney is not attached with the copy of prospectus to be delivered for Registration.**
- c) A company incorporated outside India not having place of business in India.
- d) A Company to be incorporated outside India.

Q5

Fam Company LLC, a company incorporated outside India, proposes to establish a place of business in India. The list of the directors includes Mr. Arjun – Managing Director, Mr. Ranveer – Director and Ms. Lavina – Secretary of Fam Company LLC. Mr. Malik and Mr. Arbaaz, resident in India, are the persons who has been authorised by Fam Company LLC to accept on behalf of the company service of process, notices or other documents required to be served to Fam Company LLC. In relation to the company's establishment, you are asked by the Fam Company LLC with respect to whose declaration will be required to submit to the Registrar by the Company for not being convicted or debarred from formation of companies in or outside India.

- a) Mr. Arjun, Mr. Ranveer, Ms. Lavina Mr. Malik and Mr. Arbaaz.
- b) Mr. Arjun, Ms. Lavina, Mr. Malik and Mr. Arbaaz.
- c) Mr. Malik and Mr. Arbaaz.
- d) **Mr. Arjun, Mr. Ranveer, Mr. Malik and Mr. Arbaaz**

Q6

Modern Books Publishers plc., a company incorporated in United Kingdom (UK) has a wholly owned subsidiary by the name Beta Periodicals Limited whose Registered Office is situated at Mumbai and which is engaged in publishing scientific, technical and specialty magazines, periodicals and journals. Beta Periodicals Limited considers itself to be a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company. From the four options given below, you are required choose the one which appropriately indicates whether Beta Periodicals Limited can be considered as a foreign company:

- a) **Beta Periodicals Limited cannot be considered as a foreign company even if it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.**
- b) Beta Periodicals Limited shall be considered as a foreign company since it is a wholly owned subsidiary of Modern Books Publishers plc. which is a foreign company.
- c) Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the Regional Director

having jurisdiction over New Delhi for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.

- d) Beta Periodicals Limited can be granted the status as a foreign company, if its holding company Modern Books Publishers plc. makes an application to the New Delhi Bench of National Company Law Tribunal for considering its wholly owned subsidiary Beta Periodicals Limited a foreign company.

Q7

Jackson Communications LLC, incorporated in Arizona, USA, has established a principal place of business at Kolkata, West Bengal. It is required to deliver requisite documents to the specified authority. You are required to select an appropriate option from the four given below which indicates the number of days within which such documents shall be delivered:

- a) Jackson Communications LLC shall, within 10 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
- b) Jackson Communications LLC shall, within 15 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.
- c) Jackson Communications LLC shall, within 30 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.**
- d) Jackson Communications LLC shall, within 45 days of the establishment of a principal place of business in India, deliver the requisite documents to the specified authority.

Q8

Morgen Stern Digi Cables GmbH incorporated in Berlin, Germany, established a place of business at Mumbai to conduct its business of data interchange and other digital supply transactions online. However, Morgen Stern Digi Cables GmbH failed to deliver certain documents to the jurisdictional Registrar of Companies within the prescribed time period in compliance with the respective statutory provisions. Which option, out of the four given below, shall correctly indicate the amount of fine with which Morgen Stern Digi Cables GmbH shall be punishable for its failure to deliver certain documents:

- a) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 50,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 25,000 rupees for every day after the first during which the contravention continues.
- b) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 1,00,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 20,000 rupees for every day after the first during which the contravention continues.

- c) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 2,00,000 rupees but which may extend to 5,00,000 rupees and in the case of a continuing offence, with an additional fine upto 50,000 rupees for every day after the first during which the contravention continues.
- d) Morgen Stern Digi Cables GmbH is punishable with fine which shall not be less than 1,00,000 rupees but which may extend to 3,00,000 rupees and in the case of a continuing offence, with an additional fine upto 50,000 rupees for every day after the first during which the contravention continues.**

Q9

Radix Healthcare Ltd., a company registered in Thailand, although has no place of business established in India, yet it is engaged in online business through remote delivery of healthcare services in India. Select the incorrect statement from those given below as to the nature of the Radix Healthcare Ltd. in the light of the applicable provisions of the Companies Act, 2013:

- a) Radix Healthcare Ltd. is not a foreign company as it has no place of business established in India.**
- b) Radix Healthcare Ltd. is a foreign company being involved in business activity through telemedicine.
- c) Radix Healthcare Ltd. is a foreign company for conducting business through electronic mode.
- d) Radix Healthcare Ltd. is a foreign company as it conducts business activity in India.

Q10

Fam Software Company Inc., a company incorporated in Australia, proposes to establish a place of business at Mumbai. The list of the Directors includes (i) Mr. Arjun – Managing Director, (ii) Mr. Ranveer – Director, (iii) Mr. Ramesh Malik - Director and (iv) Mr. Arbaaz - Director. Ms. Lavina has been appointed as the Secretary of Fam Software Company Inc. It is to be noted that Mr. Ramesh Malik and Mr. Arbaaz, resident in India, are the persons who have been authorised by Fam Software Company Inc. to accept on behalf of the company service of process, notices or other documents required to be served on Fam Software Company Inc. In relation to the company's establishment, you are required to enlighten the Fam Company Inc. with respect to whose, a declaration will be required to be submitted to the Registrar of Companies by Fam Software Company Inc. for not being convicted or debarred from formation of companies in or outside India.

- a) Mr. Arjun, Mr. Ranveer, Mr. Ramesh Malik, Mr. Arbaaz and Ms. Lavina.
- b) Mr. Arjun, Mr. Ramesh Malik, Mr. Arbaaz and Ms. Lavina.
- c) Mr. Ramesh Malik and Mr. Arbaaz.
- d) Mr. Arjun, Mr. Ranveer, Mr. Ramesh Malik and Mr. Arbaaz.**

Q11

Cosmetic Shop plc., a company incorporated in Switzerland, is involved in digital supply services through electronic mode, the server of which is located outside India. The company follows calendar year as its financial year. Every year the company is required to prepare a balance sheet and profit and loss account. You are required to choose the correct timeline within which such

documents shall be filed with the Registrar of Companies considering the provisions of Chapter XXII of the Companies Act, 2013:

- a) Within a period of 30 days from the close of the financial year of 5K Cosmetic Shop plc.
- b) Within a period of 3 months from the close of the financial year of 5K Cosmetic Shop plc.
- c) Within a period of 60 days from the close of the financial year of 5K Cosmetic Shop plc.
- d) Within a period of 6 months from the close of the financial year of 5K Cosmetic Shop plc.**

CHAPTER 12 – The Limited Liability Partnership Act, 2008

Q1

Which of the following cannot be converted into LLP?

- a) Partnership firm
- b) Private company
- c) Listed company**
- d) Unlisted company

Q2

The approved name of LLP shall be valid for a period of from the date of approval:

- a) 1 Month**
- b) 2 Months
- c) 3 months
- d) 6 months

Q3

Name of the Limited Liability Partnership shall be ended by:

- a) Limited
- b) Limited Liability partnership or LLP**
- c) Private Limited
- d) OPC

Q4

Which one of the following statements about limited liability partnerships (LLPs) is incorrect?

- a) An LLP has a legal personality separate from that of its members.
- b) The liability of each partner in an LLP is limited.**
- c) Members of an LLP are taxed as partners.

- d) A listed company can convert to an LLP.

Q5

For the purpose of LLP, Resident in India means:

- a) Person who has stayed in India for a period of not less than 182 days during the current year.
- b) Person who has stayed in India for a period of not less than 180 days during the immediately preceding one year.
- c) Person who has stayed in India for a period of not less than 181 days during the immediately preceding one year
- d) Person who has stayed in India for a period of not less than 120 days during the financial year.**

CHAPTER 13 – The General Clauses Act, 1897

Q1

As per a Rule of an Educational Institution, every student may come on weekends for extra classes but every student shall appear on a weekly test conducted in the institute, which can be analysed in terms of General Clause Act, as:

- a) Attending weekend classes is optional but appearing in weekly test is compulsory**
- b) Attending weekend classes is compulsory but appearing in weekly test is optional
- c) Attending weekend classes and appearing in weekly test, both are compulsory for students
- d) Attending weekend classes and appearing in weekly test both are optional for students

Q2

Mr. A died at the age of 72 leaving behind some movable and immovable properties to be distributed between his two sons C & D, as per his registered will. His Will clearly mentioned that all the immovable property should go to C and all the movable property should go to D. Both the brothers divided the property as per will except below mentioned properties, because they could not establish which property should go to whom. Kindly help them by ticking the property/ies which should go to D (as per the provisions of the general Clause Act, 1897):

- a) Standing crop in the fields
- b) Cut crop, ready to sell**
- c) Tube well in the agriculture land
- d) Sandal wood tree

Q3

Where an act or omission constitutes an offence under two or more enactments, then the offender shall be liable to be prosecuted and punished under

- a) Under either or any of those enactments**

- b) Twice for the same offence
- c) Either a. or b. as per the discretion of the court
- d) None of these

Q4

What among the following could be considered in the term 'Immovable Property' as defined under section 3(26) of the General Clauses Act, 1897? (i) The soil for making bricks (ii) Right to catch fish (iii) Right to drain water (iv) Doors and Windows of the house

- a) Only (i) and (iv)
- b) Only (i), (ii) and (iv)**
- c) Only (i) and (ii)
- d) Only (ii), (iii) and (iv)

Q5

Where an act of parliament does not expressly specify any particular day as to the day of coming into operation of such Act, then it shall come into operation on the day on which

- a) It receives the assent of the President**
- b) It receives the assent of the Governor General
- c) It is notified in the official gazette
- d) It receives assent of both the houses of Parliament

Q6

In all Central Acts and Regulations, unless there is anything repugnant in the subject or context, words importing the masculine gender shall be taken:

- a) To exclude females
- b) To exclude girl child
- c) To include females**
- d) To exclude boy child

Q7

Calendar year starts from:

- a) January**
- b) April
- c) June
- d) September

Q8

Where, by any Central Act, a power to make any appointment is conferred, then, unless a different intention appears, the authority having for the time being power to make the appointment shall also have power:

- a) To appoint the members of that family
- b) To grant increment to any family members
- c) To suspend or dismiss any person appointed**
- d) No other power is conferred except for appointment

Q9

Which of the following is not an Immovable Property?

- a) Land
- b) Building
- c) Timber**
- d) Machinery permanently attached to the land

Q10

Where an act of parliament does not expressly specify any particular day as to the day of coming into operation of such Act, then it shall come into operation on the day on which:

- a) It receives the assent of the President**
- b) It receives the assent of the Governor General
- c) It receives assent of both the houses of Parliament
- d) It receives assent of the Prime Minister

Q11

An act or omission constitutes an offence under two enactments. Referring to the provisions of the General Clauses Act, 1897, state which among the following is correct in such a situation:

- a) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted last and not under the other enactment.
- b) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted first and not under the other enactment.
- c) The offender shall be liable to be prosecuted and punished under both the enactments.
- d) The offender shall be liable to be prosecuted and punished under that either or any of those enactments, but shall not be punished twice for the same offence.**

Q12

Every Act has a Definition which expresses the scope, object and purpose of the Act. It is the main source for understanding the intention of lawmaker behind the Act.

- a) Definition
- b) Preamble**
- c) Affidavit
- d) Document

Q13

What among the following could be considered in the term 'Immovable Property' as defined under section 3(26) of the General Clauses Act, 1897?

- (i) The soil for making bricks
- (ii) Right to catch fish**

- (iii) Right to drain water
- (iv) Doors and Windows of the house
- (a) Only (i) and (iv)
- (b) Only (i), (ii) and (iv)**
- (c) Only (i) and (ii)
- (d) Only (ii), (iii) and (iv)

Chapter 14 :- Interpretation of Statutes

Q1

As per the best way to interpret a statute or document is to read it as it would have been read when it was enacted or made.

- a) Optima legume interpres est consuetude
- b) Expressio unius Est Exclusio Alterius
- c) Ut res magis valeat quam pereat
- d) Contemporanea Expositio Est Optima Et Fortissima in Lege**

Q2

If the used in a statute make it clear that a sense is intended, the rule of Eiusdem Generis shall not apply.

- a) Specific words, narrow
- b) Specific words, wider**
- c) General words, narrow
- d) General words, wider

Q3

The act by which the operation of a previous Act comes to an end, is called as

- a) The Repealing Act**
- b) The Consolidating Act
- c) The Amending Act
- d) Analogous Act

Q4

An internal aid that may be added to include something within the section or to exclude something from it, is -

- a) Proviso
- b) Explanation**
- c) Schedule
- d) Illustrations

Q5

Rule of Beneficial construction is also known as—

- a) Purposive construction
- b) Mischieve Rule
- c) Heydons's Rule
- d) All of the Above**

Q6

__ is the cardinal rule of construction that words, sentences and phrases of a statute should be read in their ordinary, natural and grammatical meaning so that they may have effect in their widest amplitude

- a) Rule of Literal Construction**
- b) Rule of Harmonious Construction
- c) Rule of Beneficial Construction
- d) Rule of Exceptional Construction

Q7

Pick the out of the following aids to interpretation—

- a) Preamble
- b) Marginal Notes
- c) Proviso
- d) Usage**

Q8

Formal legal document which creates or confirms a right or record a fact is a—

- a) Document
- b) Deed
- c) Statute
- d) Instrument**

Q9

According to the rule, the words of the statute are to be given their plain and ordinary meaning.

- a) Literal Rule**
- b) Golden rule

- c) Natural rule
- d) Mischief rule

Q10

When there is a conflict between two or more statues or two or more parts of a statute then which rule is applicable:

- a) Welfare construction
- b) Strict construction
- c) Harmonious construction**
- d) Mischief Rule

Q11

When the law is clear and unambiguous the court shall construe the meaning of a provision based on strict

- a) grammatical meaning**
- b) logical meaning
- c) alternative interpretation
- d) hypothetical meaning

Q12

According to rule of interpretation, meaning of words should be known from its accompanying or associated words.

- a) Mischief rule
- b) Primary Rule
- c) Noscitur a Sociis**
- d) Golden Rule

Q13

The preamble is most important in any legislation, it:

- a) Provides definitions in the Act.
- b) Expresses scope, object and purpose of the Act.**
- c) Provides summary of the entire Act.
- d) provides side notes often found at the side of a section.

Q14

Where an act of parliament does not expressly specify any particular day as to the day of coming into operation of such Act, then it shall come into operation on the day on which:

- a) It receives the assent of the President
- b) It receives the assent of the Governor General
- c) It is notified in the official gazette**
- d) It receives assent of both the houses of Parliament

Q15

----- means that when two or more words that are susceptible of analogous meaning, are coupled together they are understood to be used in their cognate sense.

- a) Noscitur a Sociis**
- b) Contemporanea Expositio
- c) prima facie
- d) absoluta sententia expositore non indigent

Q16

Which among the following is an External Aid to interpretation:

- a) Illustrations
- b) Dictionary**
- c) Proviso clause
- d) Title

Q17

Doctrine of Mischief Rule was given under:

- a) Foss vs. Harbottle
- b) Thomson vs. Clan Morris
- c) Foster vs. DiphwysCasson
- d) Heydon's Case**

Q18

..... interpretation concerns itself with "what the law says" and seeks to ascertain "what the law means".

- a) Grammatical, Logical**
- b) Legal, usual
- c) Usual, legal
- d) Logical, grammatical

Q19

Statutory interpretation is a practice through which the courts break down the words of a legislation and give true intent to it. While the legislature makes the laws, the judiciary performs the art of interpretation to give meaning to the words of the law maker. It is correctly said that "The

purpose of Interpretation of Statutes is to help the Judge to ascertain the intention of the Legislature – not to control that intention or to confine it within the limits, which the Judge may deem reasonable or expedient”. For interpretation of statutes various tools are used, you are required to pick the option depicting correct sequence of tools in order their application.

- a) Internal Aids to Construction, External Aids to Constructions, and Literal Construction
- b) Literal Construction, Internal Aids to Construction, and External Aids to Constructions**
- c) Internal Aids to Construction, Literal Construction, and External Aids to Constructions
- d) External Aids to Constructions, Internal Aids to Construction, and Literal Construction

Q20

The Rule in Heydon’s case is also known as—

- a) Purposive construction
- b) Mischief Rule**
- c) Golden Rule
- d) Exceptional Construction

Q21

Pick the odd one out of the following aids to interpretation—

- a) Preamble
- b) Marginal Notes
- c) Proviso
- d) Usage**

Q22

_is the cardinal rule of construction that words, sentences and phrases of a statute should be read in their ordinary, natural and grammatical meaning so that they may have effect in their widest amplitude.

- a) Rule of Literal Construction**
- b) Rule of Harmonious Construction
- c) Rule of Beneficial Construction
- d) Rule of Exceptional Construction

Q23

An internal aid that may be added to include something within the section or to exclude something from it, is—

- a) Proviso
- b) Explanation**
- c) Schedule
- d) Illustrations

Q24

When there is a conflict between two or more statutes or two or more parts of a statute then which rule is applicable:

- a) Welfare construction
- b) Strict construction
- c) Harmonious construction**
- d) Mischief Rule

Chapter 15 – The Foreign Exchange Management Act, 1999

Q1

Mr. Raj, a resident of India went to Australia for a business deal in January 2019. He realised foreign exchange for bearing expenses while staying there for the business purpose. After maturing the deal, he returned back to India in 28th of February, 2019. Mr. Raj was left with certain unused foreign exchange. He retained the foreign exchange with him for future use. Mr. Raj have to return the unused foreign exchange-

- a) Latest by 27th August 2019**
- b) Latest by 28th August 2019
- c) Latest by 29th August 2019
- d) Latest by 31st August 2019

Q2

A highly reputed construction company of Mumbai, decided to launch an ultra modern residential project in Goa especially for non-resident HNI Indians. For the purpose it appointed 4 agents worldwide to look for prospective buyers for 12 exclusive flats. The terms of their appointment clearly mentioned that they themselves will be responsible for inward remittance on the flats booked by them. As the project was one of its kind, so it got overwhelming response and all the flats got booked. However only 2/3 of the price of each flat could be remitted into India through proper channel during the financial year ended on 31st March 2019. Price of per flat was USD 1500000 inclusive of all. From the following how much maximum commission can be given to each agent, without any intervention of any authority. Each agent booked 3flats.

- a) 75000USD
- b) 150000USD**
- c) 225000USD

- d) 300000USD

Q3

Mr. Z was appointed as representative of ABC Company for a 10 days corporate programme organized in USA. During the said period in USA, he was diagnosed with the severe kidney disease, so decided to have a treatment done in USA. State the maximum amount that can be drawn by Mr. Z as foreign exchange for the medical treatment abroad.

- a) USD 1,25,000
- b) USD 2,25,000
- c) USD 2,50,000
- d) **As estimated by a medical institute offering treatment**

Q4

Mr. Raman, a non-resident, has a Special Investment Plan (SIP) with a mutual fund in India. Mr. Raman, due to some financial problems, requested his brother Mr. Raghav who is an Indian resident, to make the payment of few subsequent instalments of SIP on his behalf. You are required to advise Mr. Raghav whether such transaction is permitted considering the provisions of Foreign Exchange Management Act (FEMA), 1999.

- a) **Such transaction is not permitted as it amounts to payment for the credit of non-resident.**
- b) Such transaction is permitted as Mr. Raghav can enter into such transaction on behalf of his non – resident brother.
- c) Such transaction is not permitted as Mr. Raghav cannot enter into such transactions on behalf of his non- resident brother.
- d) Such transaction is permitted if Mr. Raghav obtains prior permission of the Reserve Bank of India.

Q5

Mr. A is an authorized dealer holding a valid Authorization issued by the Reserve Bank of India under section 10 of the FEMA, 1999. During the course of his business, he violated one of the conditions subject to which the Authorization was granted to him. The Adjudicating Authority imposed a penalty of Rs. 1,50,000 under section 13 (being 3 times the amount involved in the violation, i.e. Rs. 50,000). Mr. A accepted the default. State the time limit before which Mr. A should pay the penalty, assuming he does not prefer an appeal to the Appellate Authority:

- a) Within 30 days from the date of the Order imposing the penalty.
- b) Within 45 days from the date of the Order imposing the penalty.
- c) Within 60 days from the date of the Order imposing the penalty.
- d) **Within 90 days from the date of the Order imposing the penalty.**

Q6

A Limited, an Indian company holds a commercial plot in Chennai, India. It intends to sell the same. M/s Super Seller is a real estate broker with Head Office in the USA. M/s Super Seller is appointed to find buyers for the land. A company Glory Inc., based out of USA is identified as a buyer. Glory Inc., is controlled from India and is hence a Person Resident in India under FEMA

provisions. Glory Inc., agrees to buy the land for USD 6,00,000 (assume 1 USD = Rs.70). M/s Super Seller is to be paid commission at the rate of 7% of the sale proceeds. The commission is to be paid to the H.O of M/s Super Seller in USA. Decide, in light of the relevant provisions of FEMA, 1999, which of the following is correct (Ignoring TDS implications arising under the Income Tax Act, 1961):

- a) Prior permission is not required for remittance of commission upto USD 25,000. For balance commission of USD 17,000, permission of RBI is to be sought by A Limited.
- b) Prior permission is not required for remittance of commission upto USD 30,000. For balance commission of USD 12,000, permission of RBI is to be sought by A Limited.**
- c) Prior permission is not a tall required for remittance of the entire commission.
- d) Prior permission is required to be taken from The Reserve Bank of India for the entire amount of commission.

Q7

Minimum Average Maturity Period prescribed for ECB raised for working capital purposes or general corporate purposes under the ECB framework is:

- a) 1 year
- b) 5 year
- c) 7 year
- d) 10 year**

Q8

Peter a citizen and resident of India, in the year 2011, got a job in a MNC in Germany. He planned to shift. Due to travelling and shifting, studies of his daughter Lisa was effected a lot, so he decided to admit her into Mayo College at Ajmer for her further studies. On 23rd March 2017, Peter, along with his wife and daughter reached India from Germany. On 22nd April 2017, Lisa got admission in the college and since then she is living in India only. Peter and his wife returned Germany on 1 st May 2017. Peter did not visited India during the financial year 2017-18, however his wife was in India from 2nd December 2017 to 2nd January 2018. During the financial year 2018-19, Peter was in India for 185 days due to his deployment and Lisa's ill health. From the following who will be treated as person resident in India for the financial year ended on 2018-19 -

- a) Lisa**
- b) Peter
- c) Peter's wife
- d) Lisa and Peter's wife

Q9

Rahul, Son of Mr. Manish was going to USA under cultural exchange programme of his college. For meeting Rahul's expenses in USA, Mr. Manish purchased 5000 USD from an authorized person on 15th February 2018. Rahul came back to India on 15th March 2018. At the time of his return to India he was having 1850 unspent USD with him. From the following which option is the best suited for the above situation –

- a) Unspent foreign exchange shall be surrendered to the authorized person within 180 days from the date of his return to India.
- b) Unspent foreign exchange shall be surrendered to the authorized person within 180 days from the date of purchase of foreign exchange.
- c) Unspent foreign exchange shall be surrendered to the authorized person within 90 days from the date of his return to India.
- d) Unspent foreign exchange not exceeding 2000 USD may be retained by a person resident in India.**

Q10

Dhruv, is a pilot in Bangkok airways. He flies for 15 days in a month and thereafter takes a break for 15 days. During the break, he is accommodated in 'base', which is normally the city where the Airline is headquartered. However, for security considerations, he was based at Delhi. During the financial year, he was accommodated at Delhi for 182 days. Determine the legal position as regards the residential status of Dhruv under the given situation:

- a) Dhruv cannot be considered to be a Person Resident in India.**
- b) Dhruv can be considered to be a Person Resident in India due to her stay for 182 days in India
- c) Dhruv cannot be considered to be a Person Resident in India due to her stay for less than 183 days in India.
- d) Dhruv can be considered to be a Person Resident in India due to her stay in Delhi for security consideration.

Q11

The dealers in precious metals/ precious stones, can be considered as persons carrying on designated businesses or professions, when-

- a) they engage in any cash transactions with a customer of Rupees ten lakhs, carried out in a single operation
- b) they engage in any cash transactions with a customer of Rupees ten lakhs, carried out in a single operation or in several operations that appear to be linked.
- c) they engage in any cash transactions with a customer of equal to or above Rupees ten lakhs, carried out in a single operation or in several operations that appear to be linked**

- d) they engage in sale or purchase of precious metal/precious stones and having annual turnover of Rupees twenty lakhs or above

Q12

Mr. V, brother of Mr. R, is a resident of Singapore and he owns an immovable property in Chennai which he inherited from his father, who was a resident of India, Can Mr. V continue to hold the property?

- a) No, he cannot hold transfer or invest In India, since he is resident outside India.
 b) Yes, he can continue to hold in India, since he is person of India Origin and the property is located In India
c) Yes, he can continue to hold the property, since this was inherited from a person who was resident in India.
 d) Yes, he can continue to hold the property, since his brother (Mr. R) uses the property whenever he travels to Chennai.

Q13

In September 2016, Mr. P, went to USA, London and Germany on a month long business trip. For this trip he got foreign exchange of US \$ 50,000 from an authorized dealer. In December 2016 he remitted US\$ 50,000 to his son in Canada, who was studying there. In January 2017 he sent his mother and wife to America for his mother's treatment and for the purpose he remitted US\$ 75,000 to his younger brother, who was living there. In March 2017 his daughter got engaged and she opted for a destination marriage to be held in May 2017, in Switzerland. While on trip to Dubai in the March end, 2017, he spent US \$ 35,000 for his daughter's shopping in Dubai. Later, the event manager gave an estimate of US \$ 250,000 for the wedding. As per the provisions of FEMA, for how much remittance does he need to take prior approval of the Reserve bank of India.

- a) He does not need any prior approval at all**
 b) For US \$ 210000
 c) For US \$ 250000
 d) For US \$ 15000

Q14

Priti, on 1st September, 2021 went to UK for doing one year MBA course. Her MBA course completed on 31st August, 2022 and she returned India on the next day. What shall be her residential status for the FY 2022-23 and 2023-24:

- a) Resident in India for FY 2022-23 and FY 2023-24
 b) Resident in India for FY 2022-23 and Resident outside India for FY 2023-24
 c) Resident outside India for FY 2022-23 and FY 2023-24
d) Resident outside India for FY 2022-23 and Resident in India for FY 2023-24

Q15

Overseas Investment as per the Foreign Exchange Management (Overseas Investment) Rules, 2022 means:

- a) Financial Commitment by a PRII
- b) Overseas Portfolio Investment ('OPI') by a PROI
- c) Financial Commitment or Overseas Portfolio Investment ('OPI') by a PROI
- d) **Financial Commitment and Overseas Portfolio Investment ('OPI') by a PRII**

Q16

The bench mark rate for calculating the all in cost for foreign currency ECBs is amended, due to Libor transition made vide circular dated 8.12.2021, by-

- a) 30 bps
- b) 40 bps
- c) **50 bps**
- d) 60 bps

Q17

Mr. Ram had resided in India during the Financial Year 2017-2018 for less than 183 days. He again came to India on 1st May, 2018 for higher studies and business and stayed upto 15th July, 2019. State the correct answer as to the residential status of Mr. Ram in the light of the given fact as per the Foreign Exchange Management Act, 1999. (1) Mr. Ram can be considered as 'Person resident in India' during the financial year 2018-2019 (2) Mr. Ram cannot be considered as 'Person resident in India' during the financial year 2018-2019 (3) Mr. Ram can be considered as 'Person resident in India' during the financial year 2019-2020

- a) Both the statement (1) & (3) are correct
- b) **Both the statement (2) & (3) are correct**
- c) Only statement (1) is correct
- d) Only statement (2) is correct

Q18

Mr. X, a resident of India planned a tour of 15 days to visit Paris and to meet his niece living there. While returning to India, Mr. X was carrying with him INR 30,000. Her niece told him that limit is marked on bringing Indian currency notes at the time of return to India. Identify the correct limit :

- a) INR 2000
- b) INR 5000
- c) INR 10,000
- d) **INR 25,000**

Q19

After five years of stay in USA, Mr. Umesh came to India at his paternal place in New Delhi on October 25, 2019, for the purpose of conducting business with his two younger brothers Rajesh and Somesh and contributed a sum of ₹ 10,00,000 as his capital. Simultaneously, Mr. Umesh also started a proprietary business of selling artistic brassware, jewelry, etc. procured directly from the manufacturers based at Moradabad. Within a period of two months after his arrival from USA, Mr. Umesh established a branch of his proprietary business at Minnesota, USA. You are required to choose the appropriate option with respect to residential status of Mr. Umesh and his branch for the financial year 2020-21 after considering the applicable provisions of the Foreign Exchange Management Act, 1999:

- a) For the financial year 2020-21, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident outside India.
- b) For the financial year 2020-21, Mr. Umesh is a resident in India but his branch established at Minnesota, USA, is a person resident outside India.
- c) For the financial year 2020-21, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident in India.**
- d) For the financial year 2020-21, Mr. Umesh is a person resident outside India but his branch established at Minnesota, USA, is a person resident in India.

Q20

In September, 2020, Mr. Purshottam Saha visited Atlanta as well as Athens and thereafter, London and Berlin on a month-long business trip, for which he withdrew foreign exchange to the extent of US\$ 50,000 from his banker, State Bank of India, New Delhi branch. In December, 2020 he further, withdrew US\$ 50,000 from SBI and remitted the same to his son Raviyansh Saha who was studying in Toronto, Canada. In the first week of January, 2021, he sent his ailing mother Mrs. Savita Saha for a specialised treatment along with his wife Mrs. Rashmi Saha to Seattle where his younger brother Pranav Saha, holder of Green Card, is residing. For the purpose of his mother's treatment and to help Pranav Saha to meet increased expenses, he requested his banker SBI to remit US\$ 50,000 to Pranav Saha's account maintained with Citibank, Seattle. In February, 2021, Mr. Purshottam Saha's daughter Devanshi Saha got engaged and she opted for a 'destination marriage' to be held in August, 2021 in Zurich, Switzerland. While on a trip to Dubai in the last week of March, 2021, he again withdrew US\$ 35,000 to be used by him and Devanshi Saha for meeting various trip expenses including shopping in Dubai. Later, the event manager gave an estimate of US\$ 2,50,000 for the wedding of Devanshi Saha at Zurich, Switzerland. Which option do you think is the correct one in the light of applicable provisions of Foreign Exchange Management Act, 1999 including obtaining of prior approval, if any, from Reserve Bank of India since Mr. Purshottam Saha withdrew foreign exchange on various occasions from his banker, State Bank of India.

- a) In respect of withdrawal of foreign exchange on various occasions from his banker State Bank of India and remitting the same outside India during the financial year 2020-21, Mr. Purshottam Saha is not required to obtain any prior approval.**
- b) In respect of withdrawal of US\$ 35,000 in the last week of March, 2021, for a trip to Dubai, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India since

the maximum amount of foreign exchange that can be withdrawn in a financial year is US\$ 1,75,000.

- c) After withdrawing US\$ 1,00,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2020-21, otherwise SBI would not have permitted further withdrawals.
- d) After withdrawing US\$ 50,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2020-21, otherwise SBI would not have permitted further withdrawals.

Q21

Nandeesh, a resident Indian, remitted USD 1,00,000 on 7th June, 2021, to his son Ishaan who is settled in California, USA, since he urgently required funds. On 9th July, 2021, Nandeesh again remitted USD 71,000 to meet expenses to be incurred in respect of his ailing wife, Medhavi who had recently gone to USA to meet his son Ishaan. Pbaugt head370 developed serious coronary disease. For specialised treatment of Medhavi at a specialised hospital, a sum of USD 79,000 was remitted for the second time on 30th July, 2021 by Nandeesh. Within next 10 days, Medhavi recovered and was allowed to return to her son's residence from the hospital. Choose the correct option from those stated below as to when Nandeesh can send further foreign exchange to his son Ishaan for the purpose of purchasing a house without obtaining the prior approval of Reserve Bank of India:

- a) **Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of April, 2022 or thereafter.**
- b) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of January, 2022 or thereafter.
- c) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of July, 2022 or thereafter.
- d) Without obtaining the approval of Reserve Bank of India, Nandeesh can send further foreign exchange to his son Ishaan only in the month of November, 2021 or thereafter.

Q22

Mr. X, a person comes to India on 1st June 2019 for visiting his parents. However, his parents fall sick and he stays till 31st March 2020. Thereafter he continues to stay in India. He decided to live in India for next 6 months by the time his parents recovers. In the light of the given case, determine the correct residential status of Mr. X from the given statements.

- a) Mr. X is PResident as he did reside in India in the FY 2019-2020.
- b) Mr. X is PResident as he reside in India for more than 182 days in the FY 2019 -20.
- c) Mr. X is PResident in the FY 2019-20, but will be treated as PResident from 1st April, 2020, as he resides in India for more than 182 days in the previous FY.
- d) **His stay in India is neither for employment, nor for business, nor for circumstances which show that his stay in India for an uncertain period. In FY 2019-20, he is a PResident as he did not reside in India for more than 182 in FY 2018-19.**

Q23

In September, 2021, Mr. Purshottam Saha visited Atlanta as well as Athens and thereafter, London and Berlin on a month-long business trip, for which he withdrew foreign exchange to the

extent of US\$ 50,000 from his banker State Bank of India, New Delhi branch. In the first week of January, 2022, he sent his ailing mother Mrs. Savita Saha for a specialised treatment along with his wife Mrs. Rashmi Saha to Seattle where his younger brother Pranav Saha, holder of Green Card, is residing. For the purpose of his mother's treatment and to help Pranav Saha to meet increased expenses, he requested his banker SBI to remit US\$ 75,000 to Pranav Saha's account maintained with Citibank, Seattle. In February, 2022, Mr. Purshottam Saha's daughter Devanshi Saha got engaged and she opted for a 'destination marriage' to be held in August, 2022 in Zurich, Switzerland. While on a trip to Dubai in the last week of March, 2022, he again withdrew US\$ 35,000 to be used by him and Devanshi Saha for meeting various trip expenses including shopping in Dubai. Later, the event manager gave an estimate of US\$ 2,50,000 for the wedding of Devanshi Saha at Zurich, Switzerland. Which option do you think is the correct one in the light of applicable provisions of Foreign Exchange Management Act, 1999 including obtaining of prior approval, if any, from Reserve Bank of India since Mr. Purshottam Saha withdrew foreign exchange on various occasions from his banker State Bank of India.

- a) **In respect of withdrawal of foreign exchange on various occasions from his banker State Bank of India and remitting the same outside India during the financial year 2021-22, Mr. Purshottam Saha is not required to obtain any prior approval.**
- b) In respect of withdrawal of US\$ 35,000 in the last week of March, 2022, for a trip to Dubai, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India since the maximum amount of foreign exchange that can be withdrawn in a financial year is US\$ 1,75,000.
- c) After withdrawing US\$ 1,00,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2021- 22, otherwise SBI would not have permitted further withdrawals.
- d) After withdrawing US\$ 50,000, Mr. Purshottam Saha must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2021-22, otherwise SBI would not have permitted further withdrawals.

Q24

M/s. Kedhar Sports Academy, a private coaching club, provides coaching for cricket, football and othersimilar sports. It coaches sports aspirants pan India. It also conducts various sports events and campaigns, across the country. In 2022, to mark the 25th year of its operation, a cricket tournament (akin to the format of T-20) is being organized by M/s. Kedhar Sports Academy in Lancashire, England, in the first half of April. The prize money for the 'winning team' is fixed at USD 40,000 whereas in case of 'runner-up', it is pegged at USD 11,000. You are required to choose the correct option from the fourgiven below which signifies the steps to be taken by M/s. Kedhar Sports Academy for remittance of the prize money of USD 51,000 (i.e. USD 40,000+USD 11,000) to England keeping in view the relevant provisions of Foreign Exchange Management Act, 1999:

- a) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Ministry of Human Resource Development (Department of Youth Affairs and Sports).
- b) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Reserve Bank of India.

- c) **For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is not required to obtain any prior permission from any authority, whatsoever, and it can proceed to make the remittance.**
- d) For remittance of the prize money of USD 51,000, M/s Kedhar Sports Academy is required to obtain prior permission from the Ministry of Finance (Department of Economic Affairs).

Q25

Akash Ceramics Limited, an Indian company, holds a commercial plot in Chennai which it intends to sell. M/s. Super Seller, a real estate broker with its Head Office in the USA, has been appointed by Akash Ceramics Limited to find some suitable buyers for the said commercial plot in Chennai which is situated at a prime location. M/s. Super Seller identifies Glory Estate Inc., based out of USA, as the potential buyer. It is to be noted that Glory Estate Inc. is controlled from India and hence, is a 'Person Resident in India' under the applicable provisions of Foreign Exchange Management Act, 1999. A deal is finalized and Glory Estate Inc. agrees to purchase the commercial plot for USD 600,000 (assuming 1 USD = ₹ 70). According to the agreement, Akash Ceramics Limited is required to pay commission @ 7% of the sale proceeds to M/s. Super Seller for arranging the sale of commercial plot to Glory Estate Inc. and commission is to be remitted in USD to the Head Office of M/s. Super Seller located in USA. Considering the relevant provisions of Foreign Exchange Management Act, 1999, which statement out of the four given below is correct (ignoring TDS implications arising under the Income tax Act, 1961):

- a) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission upto USD 25,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 17,000, prior permission of RBI is required to be obtained.
- b) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of commission upto USD 30,000 by Akash Ceramics Limited to M/s. Super Seller but for the balance commission of USD 12,000, prior permission of RBI is required to be obtained.
- c) There is no requirement of obtaining prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.
- d) **It is mandatory to obtain prior permission of Reserve Bank of India (RBI) for remittance of entire commission of USD 42,000 by Akash Ceramics Limited to M/s. Super Seller.**

Q26

Mohita Periodicals and Mags Publications Limited, having registered office in Chennai, has obtained consultancy services from an entity based in France for setting up a software programme to strengthen various aspects relating to publications. The consideration for such consultancy services is required to be paid in foreign currency. The compliance officer of Mohita Periodicals and Mags Publications Limited, Mrs. Ritika requires your advice regarding the foreign exchange that can be remitted for the purpose of obtaining consultancy services from abroad without prior approval of Reserve Bank of India. Out of the following four options, choose the one which correctly portrays the amount of foreign exchange remittable for the given purpose after considering the provisions of the Foreign Exchange Management Act, 1999 and regulations made thereunder:

- a) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 50,000,000.
- b) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 10,000,000.
- c) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 5,000,000.
- d) Permissible amount of foreign exchange that can be remitted by Mohita Periodicals and Mags Publications Limited for obtaining consultancy services from an entity based in France without prior approval of RBI is US\$ 1,000,000.**

Q27

After five years of stay in USA, Mr. Umesh came to India at his paternal place in New Delhi on October 25, 2021, for the purpose of conducting business with his two younger brothers Rajesh and Somesh and contributed a sum of Rs. 10,00,000 as his capital. Simultaneously, Mr. Umesh also started a proprietary business of selling artistic brass ware, jewellery, etc. procured directly from the manufacturers based at Moradabad. Within a period of two months after his arrival from USA, Mr. Umesh established a branch of his proprietary business at Minnesota, USA. You are required to choose the appropriate option with respect to residential status of Mr. Umesh and his branch for the financial year 2022-23 after considering the applicable provisions of the Foreign Exchange Management Act, 1999:

- a) For the financial year 2022-23, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident outside India.
- b) For the financial year 2022-23, Mr. Umesh is a resident in India but his branch established at Minnesota, USA, is a person resident outside India.
- c) For the financial year 2022-23, Mr. Umesh and his branch established at Minnesota, USA, are both persons resident in India.**
- d) For the financial year 2022-23, Mr. Umesh is a person resident outside India but his branch established at Minnesota, USA, is a person resident in India.