

Roll No.

Maximum marks : 100

Time allowed : 3 hours

Total number of printed pages : 12

Total number of questions : 6

NOTE : Answer ALL Questions.

PART-I

1. Arjun, Raghav and Karan had each spent several years working in different development-sector assignments across northern India. Their work regularly brought them into contact with small community groups, informal collectives and local organizations engaged in social welfare activities. Through these interactions, they noticed that many such groups lacked structured support in areas such as documentation, compliance, financial literacy and organizational development. Although these groups were committed to their respective causes, they often struggled to maintain proper records, prepare project proposals or meet regulatory requirements. These limitations affected their ability to expand their activities or collaborate with larger institutions.

To understand the situation more clearly, the three colleagues conducted informal consultations in several districts of Uttar Pradesh, Uttarakhand and Haryana. They met with representatives of community groups, local facilitators and district-level institutions. These discussions revealed that many organizations required assistance in areas such as training, compliance awareness, documentation support and capacity building. Based on these findings, the three colleagues decided to establish a formal institution in New Delhi that could provide structured support to grassroots social-impact initiatives.

They examined various legal structures available for establishing such an institution. They considered the features of trusts, societies and companies registered under the Companies Act, 2013. After evaluating the advantages and limitations of each structure, they concluded that incorporating a company under Section 8 of the Companies Act, 2013 would be appropriate for their objectives. They believed that this structure would allow them to operate for social-development purposes while maintaining a formal governance framework.

They proposed the name Centre for Rural Development Initiatives (CRDI) for the new entity. While initiating the incorporation process, they learned that the Ministry of Corporate Affairs (MCA) had introduced an integrated web-based system known as SPICe+ (INC 32). This system allowed applicants to complete several incorporation related activities through a single digital interface. The three colleagues prepared the required documents and submitted them through the SPICe+ system. After verification by the Registrar of Companies, CRDI was incorporated as a company under Section 8 of the Act. Arjun, Raghav and Karan became the first directors of the company.

CRDI began its operations from a rented office in New Delhi. The organization started conducting training programs, compliance-awareness sessions and documentation-support workshops for small community organizations. These programs were organized in collaboration with district-level institutions, voluntary groups and local facilitators. Over the next several months, CRDI conducted multiple capacity-building initiatives across different districts. The programs focused on areas such as record-keeping, project documentation, basic financial management and regulatory awareness. Participants expressed that such support was essential for strengthening their operations.

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During one of the training programs, a participant named Sana raised a concern regarding financial challenges faced by several community organizations. She explained that many groups had applied for loans or grants from financial institutions or government schemes, but the disbursement of funds often took time. During this waiting period, the organizations faced difficulty in continuing their activities. Sana suggested that CRDI could consider helping the startups by providing guidance on the financing option of bridge round. She stated that even if CRDI did not provide funds directly, it could still support organizations by guiding them through the financial process.

The directors discussed this suggestion in detail. They reviewed the scope of activities that CRDI could undertake under its existing structure. They also consulted their legal advisor to understand the implications of providing any form of financial assistance or facilitation. The advisor explained the limitations applicable to the company and clarified the types of activities that could be undertaken without affecting its legal status. The Board considered the possibility of assisting organizations by facilitating loan documentation and connecting them with suitable financial institutions, subject to compliance with applicable laws and the company's objects.

As CRDI continued its operations, it began receiving requests from partner organizations to undertake specialized assignments such as consultancy projects, customized training programs and capacity-building initiatives. These assignments could potentially generate revenue that would help sustain CRDI operations. However, the directors recognized that the existing structure imposed certain restrictions on undertaking revenue-generating activities. They also noted that some opportunities required a more flexible operational framework.

In view of these developments, the Board began examining whether CRDI should consider converting into a private limited company. They understood that such conversion would involve compliance with specific legal requirements, including obtaining necessary approvals, altering

the company's constitutional documents and addressing the treatment of existing assets. The directors sought legal advice to understand the implications of conversion, including the changes in regulatory obligations and the impact on the company's long-term objectives. They decided to evaluate the matter carefully before taking any final decision.

In view of the above, answer the following :

- (a) What are the key legal features of a Section 8 company under the Companies Act, 2013 that apply to CRDI ?
- (b) What is the purpose of the SPICe+ (INC 32) form in the incorporation of a company like CRDI ?
- (c) How does bridge-round funding help startups to meet their financial needs ?
- (d) What are the legal requirements for converting a Section 8 company into a private limited company ?
- (e) What types of loan-facilitation support can CRDI provide through MUDRA-supported banks while remaining compliant with Section 8 restrictions ?

(3 marks each)

2. (a) Ravi, who runs a micro manufacturing unit, supplied goods to a buyer who accepted the delivery on 1st March. The buyer has not made payment even after 18 days. Ravi wants to understand whether this delay is covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and how the "appointed day" is determined. Explain the legal position.

(3 marks)

- (b) Nikhil is planning to establish a Non-Banking Financial Company (NBFC) and is currently in discussions with potential investors to raise his initial capital. During one such meeting, an investor informs him that the Reserve Bank of India has introduced a Scale-Based Regulatory Framework for NBFCs. Since Nikhil is unfamiliar with this framework, he seeks your guidance to understand its key regulatory features.

Explain the main elements of the scale-based regulatory framework to help Nikhil make informed decisions while setting up his NBFC.

(3 marks)

- (c) Mahesh, who grew up in the slum areas of Mumbai, has always wanted to improve the living conditions in his neighbourhood. Now that he has secured a job, he plans to form a society to work towards community development.

Explain the purposes for which a society can be registered under the Societies Registration Act, 1860.

(3 marks)

- (d) Nexonova Engineering Corp, a foreign company, operates a Branch Office in Pune. During the financial year ending 31st March 2026, the Branch Office earned significant profits from its Indian and overseas clients. The Head Office, located in Zurich, now intends to remit 50% of the profit earned in India to its parent company abroad. Before initiating the remittance, the Branch Office wants to ensure full compliance with Indian foreign exchange regulations.

Explain the compliances that the Indian Branch Office must complete before remitting the surplus profit to its foreign Head Office.

(3 marks)

- (e) Rohit, a partner in an LLP, intentionally conceals material information from a client and induces the client to enter into a contract with the LLP. Later, the client discovers the concealment and alleges that the LLP obtained the contract through fraud.

Explain, under the Limited Liability Partnership Act, 2008, the liability of a partner in cases involving fraud and whether the LLP and its other innocent partners remain protected.

(3 marks)

(a) Noventrix Labs Pvt. Ltd. has recently been incorporated as a new startup entity. The company has not yet applied for recognition from the Department for Promotion of Industry and Internal Trade (DPIIT). In the second board meeting, one of the directors, D, pointed out that without DPIIT recognition, the company cannot access tax benefits or funding support available to Startups.

As the Company Secretary, explain the process through which Noventrix Labs Pvt. Ltd. can obtain Startup recognition.

(3 marks)

(b) Bluewave Tech. Pvt. Ltd. attempted to file incorporation forms without properly preparing its Memorandum of Association and Articles of Association. The promoters now want to understand the statutory requirements relating to these documents.

Explain the procedure for preparing, stamping, signing and filing the Memorandum of Association and Articles of Association during company incorporation.

(3 marks)

(c) Crestview Labs Pvt. Ltd. is in the process of incorporation and intends to appoint new directors.

Explain the statutory requirements for obtaining a Director Identification Number (DIN) and a Digital Signature Certificate (DSC) for the proposed directors.

(3 marks)

(d) InfoEdge Pvt. Ltd. plans to invest in a foreign entity that does not have limited liability. The foreign entity is not in a strategic sector.

Explain whether the investment can be treated as Overseas Direct Investment (ODI).

(3 marks)

(e) Finovate Finance Pvt. Ltd. has financial assets equal to 48% of its total assets and income from financial assets equal to 52% of its gross income.

Explain whether the company qualifies as an NBFC.

(3 marks)

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

4. (a) Describe the essential characteristics that define a Micro Finance Institution (MFI).
 (b) Under the Companies Act, 2013, outline the precautions that must be observed while drafting the Articles of Association of a company.
 (c) Under Section 12 of the Income Tax Act, 1961, specify the categories of income of a Trust or Society that are excluded from the computation of taxable income.
 (d) Explain the manner in which foreign financial business collaborations support the economic development of developing countries.
 (e) State the benefits of incorporating a Housing Finance Company.

(3 marks each)

OR (Alternative question to Q. No. 4)

- 4A. (i) Why is selecting the correct form of business entity important before starting operations?
 (ii) Explain the key corporate changes that take place when a private company converts into a public company.
 (iii) Describe how the concept of limited liability operates within an LLP structure.
 (iv) Outline the functional role of a Project Office established by a foreign company in India.
 (v) State the significance of obtaining a Trade License for certain types of businesses.

(3 marks each)

PART-II

5. NovaGen Life Sciences Pvt. Ltd., located in Hyderabad, is a biotechnology manufacturing company engaged in producing diagnostic reagents and enzyme-based medical testing kits. The establishment consists of fermentation units, reagent-mixing chambers, cold-storage rooms, packaging lines, and a molecular biology laboratory. As on 31st March 2026, NovaGen employed 628 workers, including scientists, technicians, machine operators and administrative staff. Out of these, 214 were women employees working in laboratory, packaging, HR and documentation departments.

Due to the nature of its production, the State Government classified NovaGen as a hazardous process establishment. The company operates three shifts (6 a.m. to 2 p.m., 2 p.m. to 10 p.m. and 10 p.m. to 6 a.m.) to maintain continuous production. As per company policy, all supervisory and managerial employees must work in rotational shifts, including night duties.

On 12th January, 2025, Tanya, a postgraduate in Molecular Biology, joined NovaGen as a Quality Assurance Supervisor. Her duties included sterility testing, reagent validation and batch approval. Her work area was adjacent to the fermentation hall, where exposure to disinfectants and biological agents was common. She was provided PPE such as gloves, masks, and lab coats.

Her performance was consistently rated excellent and on 10th August 2025, she was promoted to Deputy Manager (Quality Assurance). Her responsibilities increased, and she was required to supervise multiple testing lines and ensure compliance with quality protocols.

On 15th October 2025, the HR department informed her that she would now be included in the night-shift rotation. Tanya expressed concerns about travelling at night due to limited public transport and inadequate lighting in the industrial zone. She also highlighted that the

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Tanya replied that she could consider joining only if the company arranged a creche facility, as she had an infant and required childcare support. She also pointed out that several women employees had been requesting a creche for years, but no action had been taken. She emphasized that without a creche, it would be impossible for her to resume duties so soon after childbirth. Management responded that due to financial constraints and lack of space within the premises, establishing a creche was not possible at present. They stated that the matter might be reviewed in the future but could not be implemented immediately.

The situation created significant concern among women employees, who felt that the company was not providing adequate welfare measures. Tanya's case highlighted issues relating to workplace safety, maternity protection and statutory welfare facilities in hazardous establishments.

In view of the above, answer the following :

- (a) Analyze whether NovaGen's actions of compelling a pregnant woman to work night shifts in a hazardous establishment and refusing reassignment violate constitutional protections relating to labour welfare.
- (b) Explain the statutory responsibilities of the Appropriate Authority to ensure safety of women employed in hazardous operations under the Occupational Safety, Health and Working Conditions Code 2020.
- (c) Assess whether the management's request directing Tanya to resume duty by 5th June 2026 shortly after childbirth is legally valid under the Code on Social Security 2020.
- (d) To what extent the demand of Tanya to the management, to provide childcare Creche facility is valid under the Code of Social Security, 2020 ?

(5 marks each)

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

- (a) Karan has recently completed his engineering degree and joined ABC Ltd. as a trainee engineer. During his orientation, he is informed that every employee has specific statutory duties under Section 13 of the Occupational Safety, Health and Working Conditions Code 2020. Since Karan is not familiar with these legal duties, advise him on the duties that an employee is required to follow at the workplace under this provision. (5 marks)
- (b) XYZ Ltd. is engaged in the manufacturing of heavy capital machinery and employs approximately 740 workers due to its labour-intensive operations. Until 31st March 2026, the establishment did not have any trade union. In May 2026, a group of 47 workers from the Finishing and Warehouse Section decided to form a trade union and submit an application for its registration. Examine the statutory criteria for registration of a new trade union under Section 6 of the Industrial Relations Code 2020 in the context of their proposal. (5 marks)
- (c) Raghav is a mechanical engineer who worked for two years with RST Limited, a public limited company engaged in the manufacture of heavy industrial chemicals. He recently accepted a higher-paying position with ABC Co-operative Society, a housing society and joined the new organization immediately. When he receives his first salary, Raghav notices that ABC Co-operative Society has not deducted any provident fund contribution from his wages, neither his share nor the employer's share. He believes that ABC Co-operative Society is not complying with statutory requirements. Examine the validity of Raghav's viewpoint in light of the applicability provisions of the Code on Social Security 2020. (5 marks)

(d) Rohan is an adolescent employed at GS General Grocery Store. His regular working hours are from 10:00 a.m. to 4:00 p.m., which include intervals for rest and lunch. In May 2026, a new manager named Kunal joined the store. Observing a higher customer turnout during evening hours, Kunal changed Rohan's shift from the morning slot (10:00 a.m. to 4:00 p.m.) to an evening slot (5:00 p.m. to 9:00 p.m.), stating that the new shift reduces his total working hours from six to four.

Considering the provisions of the Child and Adolescent Labour (Prohibition and Regulation) Act 1986, examine the validity of the new shift timing proposed for Rohan.

(5 marks)

OR (Alternative question to Q. No. 6)

- (i) Discuss the need and objectives of bringing in the New Labour Codes.
- (ii) Explain the qualifications required for engaging an apprentice and outline the contractual formalities prescribed under the Apprentices Act, 1961.
- (iii) What interim measures can the Internal Committee recommend to the employer during the pendency of an inquiry under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, when such measures are requested in writing by the aggrieved woman ?
- (iv) What are the records, returns and notices that an employer is required to maintain and comply with under the Code on Wages, 2019 ?

(5 marks each)