INTERMEDIATE EXAM
PAPER-2
CORPORATE & OTHER LAWS

0 3 SEP 2026

Question Paper Booklet No. **5001525**

GENERAL INSTRUCTIONS TO CANDIDATES

e question paper comprises two parts, Part I and Part II.
rt I comprises Multiple Choice Questions (MCQs).
rt II comprises questions which require descriptive answers.
swers to Questions of Part I (i.e., MCQs) are to be marked on the OMR answer sheet as given on the ver page of descriptive answer book only. Answers to questions in Part II (i.e. descriptive questions) are be written inside the descriptive answer book. Answers to MCQs, if written inside the descriptive answer ok will not be evaluated.
MR answer sheet given on the cover page of descriptive answer book will be in English only for all ndidates, including for Hindi medium candidates.
e bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.
u will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed paper before time, remain in your seat till the conclusion of the exam.
ration of the examination is 3 hours. You will be required to submit the descriptive answer book with MR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
e invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive swer book.
ndidate found copying or receiving or giving any help or defying instructions of the invigilators or ving/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination d will also be liable for further punitive action.

PART – I

nswer all MCQs, on the OMR Answer Sheet as given on the cover page of descriptive answer book.
e HB pencil only to darken the circles for MCQ answers in the answer sheet.
fter each MCQ, four options have been given. **Choose the correct or most appropriate option** and darken e corresponding circle against the question number in the OMR Answer Sheet, completely, as shown below, th HB pencil.

Marking the Answers	
Example : For Question No. 12, if the candidate considers the correct answer to be C, he is to mark as shown below (Correct Method). 12 Ⓐ Ⓑ ● Ⓓ	**Not as shown below (Wrong method) :** 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ Ⓑ Ⓒ Ⓓ 12 Ⓐ ● ● Ⓓ

ny answer to MCQ marked inside descriptive answer book will not be considered and no marks will be awarded.
a candidate wants to change the option already darkened, he should erase it completely, **with good quality aser** and ensure that no mark is visible after erasing.
o mark will be awarded if no circle is darkened or more than one circle is darkened for a particular MCQ.
here is no negative marking for a wrong answer.
ough work, if any, must be done on the pages, specified as SPACE FOR ROUGH WORK only and nowhere se in the question paper booklet or in the answer sheet.
efore commencement of the exam, please fill up the necessary information in the space provided below and lso in the answer sheet.

No. of Printed Pages : 56 **Maximum Marks : 100**

No. | | | | | | |

Question Paper Booklet Code **W B H (H)**

ne of the Candidate

Signature of the Candidate

PART – I (MCQ Portion)

30 Marks

- ***Answers to MCQs are to be marked on the OMR answer sheet as given on the cover page of the descriptive answer book only. Answer to MCQs, if written inside the descriptive answer book shall not be evaluated.***
- ***Please write and darken correct Question Paper booklet number in the OMR answer sheet. The correct Question Paper booklet number must also be written in the attendance register.***

Case Scenario-I :

Shirly Packaging Limited is an unlisted public limited company having 850 members. The company closed its financial year on 31st March, 2025 and held its Annual General Meeting on 28th September, 2025 at its registered office. In the Board's Report, the Board of Directors recommended a final dividend of 12% on equity shares of face value ₹ 10 each. During the AGM, some shareholders argued that the company had good cash flows and unanimously passed a resolution declaring dividend at 18% instead of 12%.

The company had recently allotted shares to Vandana, whose name was entered in the register of members. However, the consideration for those shares was actually provided by Bikash under a private family arrangement. Vandana did not file Form MGT-4 declaring that she was only the registered owner, and Bikash also did not file Form MGT-5 declaring his beneficial interest. Bikash later demanded that the dividend should be paid directly to him, claiming that he was the real beneficial owner.

The chartered accountant advised that dividend should be paid only to registered shareholders or to their order/banker. The company therefore issued dividend warrants in favour of registered members as per the register of members. However, dividend warrants relating to 40 members remained unpaid or unclaimed even after 30 days from the date of declaration. Due to internal oversight, the company transferred the unpaid amount to a separate Unpaid Dividend Account only after 15 days from the expiry of the said 30 days period.

The Board now seeks legal advice on the validity of the shareholders' decision to enhance the dividend, the rights of Bikash as beneficial owner, and the company's obligations regarding unpaid dividend.

Based on the facts given in above case scenario and by applying the relevant provisions of the Companies Act, 2013, choose the correct answer to the following Multiple Choice Questions : (MCQ No. **1** to MCQ No. **3**)

1. Whether the shareholders' resolution declaring dividend at 18% is valid ? **2**

   (A) Yes, because shareholders have final authority in AGM.

   (B) Yes, because the resolution was passed unanimously.

   (C) No, because shareholders cannot declare dividend exceeding the rate recommended by the Board.

   (D) No, because dividend can be declared only by the Board and not by shareholders.

2. Can Bikash compel the company to pay dividend directly to him as beneficial owner ? **2**

   (A) Yes, because he provided the consideration for the shares.

   (B) No, because dividend is payable to the registered shareholder or to his/her order or banker, and non-filing of beneficial interest declaration makes Bikash's rights unenforceable.

   (C) Yes, because beneficial owner always overrides registered owner.

   (D) No, because beneficial ownership is prohibited under the Companies Act, 2013.

3. What should the company have done with the unpaid/unclaimed dividend relating to 40 members ? 2

(A) It should retain the amount in its general bank account until claimed.

(B) It should transfer the unpaid/unclaimed amount to the Unpaid Dividend Account within 30 days from the expiry of 7 days from declaration.

(C) It should immediately transfer the amount to the Investor Education and Protection Fund.

(D) It should transfer the unpaid/unclaimed amount to the Unpaid Dividend Account within 7 days from the expiry of 30 days from declaration.

Case Scenario-II :

Mr. Nagrajan, a software engineer from Bangalore, has been working in a US-based technology company in New York for the past 5 years. In April 2025, he returned to India to establish a technology startup i.e. AI EXIM Pvt. Limited. He maintained his foreign currency accounts in the US, containing earnings from his previous employment. His wife is still continuing to work in New York.

During August 2025, he undertook several transactions from his foreign currency account :

- He withdraws USD 2,00,000 to invest in his Indian startup (AI EXIM Pvt. Ltd.).
- He gifted USD 75,000 to his father for purchasing property in India.
- He imported specialized software equipment worth USD 1,50,000 from a Singapore-based supplier on 3 months' credit.
- His wife remits USD 40,000 for her parents' medical treatment in India.

AI EXIM also set up a branch office in Singapore in October 2025, fully controlled and managed from its Bangalore headquarter. The company plans to raise foreign currency loans and explore various overseas investment opportunities.

On the basis of above facts and by applying applicable provisions of the Foreign Exchange Management Act, 1999, and the applicable Rules therein, choose the correct answer of the following Multiple-Choice Questions given hereunder : (MCQ **4** to MCQ **6**)

4. Which of the following transactions by Mr. Nagrajan requires prior RBI approval ? **2**

   (A) Withdrawal of USD 2,00,000 from his own foreign account

   (B) Gift of USD 75,000 to his father

   (C) Import of equipment on credit terms

   (D) Setting up a branch office in Singapore

5. Mr. Nagrajan's wife remits USD 40,000 for her parents' medical treatment in India : **2**

   (A) Is a capital account transaction requiring RBI approval

   (B) Is a current account transaction permitted without any limit.

   (C) Is a prohibited transaction under FEMA

   (D) Requires approval since it exceeds USD 25,000

6. For raising foreign currency loans for AI EXIM, which regulatory framework would apply ? **2**

   (A) Only RBI regulations for debt instruments

   (B) Only Central Government regulations

   (C) Both RBI and Central Government regulations based on the type of instrument

   (D) No regulations since it's a technology company

Case Scenario-III :

PNO Kinda Limited a leading manufacturer of automotive lighting, switches and alloy wheels etc. was incorporated in April, 2015. To enhance its capital base, the company proposed to issue new equity shares with differential rights for the financial year 2019-20. As part of its broader capital raising strategy, the board of directors decided to issue different kind of securities :

- a rights issue of equity shares to existing shareholders,
- a new class of preference shares offered exclusively to current equity shareholders.

But, there was a non-compliance in the past. In 2016-17, the company had issued redeemable preference shares but failed to pay dividends on them for some time due to financial difficulties. In September 2018, the company fixed this by clearing all its outstanding dividends to the preference shareholders.

Further, Mr. Raj, a shareholder, owned 1,500 partly paid equity shares in the company. On 1st July, 2024, Mr. Raj applied to transfer 500 shares to his friend Mr. Vikram. The company sent Mr. Vikram a notice on 5th July, 2024, which he received on 7th July, 2024 and he saw the notice on 8th July, 2024. He came to know that shares are partly paid and accordingly he sent an objection email on 20th July, 2024. However, the company transferred shares on 21st July, 2024. According to the Company Secretary's opinion, the Board can approve the transfer of partly paid shares, if they believe that the buyer can pay the remaining amount in the future.

In another case, Mr. Vihan, legal representative of a deceased shareholder (Mr. Ashim) wrote an application to the company, to transfer the shares (of Mr. Ashim) in his name. But, he did not receive any reply from the company. Thus, he went to the company's office to inquire about the same. The company refused to transfer the shares, as he was not the registered member of the company.

In the light of the above stated facts, answer the following Multiple-Choice Questions, as per the applicable provisions of the Companies Act, 2013 : (MCQ 7 to MCQ 9)

7. The Company proposed to issue new equity shares with differential rights for the financial year 2019-20. Since the default was made good in FY 2018-2019. According to the provisions of the Companies Act, 2013, do you think the company is eligible to issue the shares with differential voting rights in financial year 2019-20 ? **2**

   (A) Yes, the company is immediately eligible to issue new shares as it has cleared all the dues by September 2018.

   (B) No, the company is ineligible to issue the shares as the company needs to wait three years till March 31, 2022.

   (C) Yes, the company is eligible to issue new shares in the next financial year, as the default was made good in the previous FY 2018-19.

   (D) No, the company is ineligible to issue the new shares as the company needs to wait for five years till March 31, 2024.

8. According to the provisions of the Companies Act, do you consider the company's action of transfer of partly paid shares to Mr. Vikram is valid ? **2**

   (A) Yes, because the company waited for more than 15 days from the date of dispatch of notice before registering the transfer.

   (B) No, because the transferee did not give his explicit consent before the transfer of partly paid shares.

   (C) No, because Mr. Vikram made objection within 2 weeks from the date of receipt of notice.

   (D) Yes, because the Board has assessed Mr. Vikram's financial capability before approving the transfer.

9. According to the provisions of the Companies Act, 2013, whether the company can deny transferring shares in Mr. Vihan's name and what is the company's obligation ? 2

(A) Yes, the company can refuse the transfer if he is not a registered shareholder.

(B) No, the legal representative has the right to transfer even if they are not registered shareholder.

(C) Yes, the company can deny if the legal representative's name is not registered with the company and the company needs approval from the Registrar of Companies.

(D) Yes, the company needs the approval from the Tribunal before transferring the shares.

Case Scenario-IV :

Bankebihari Ltd. is a listed public company having its registered office in Mumbai. The company is presently engaged in the mining and processing of aluminium and zinc ores. In order to diversify and capitalize on the increasing global demand for critical minerals used in electric vehicles, batteries and semiconductor manufacturing, the company has decided to expand into rare earth mining, including extraction of neodymium, dysprosium and lithium-bearing minerals.

The Board of Directors approved a large-scale expansion project involving acquisition of mining leases, establishment of a mineral separation facility and creation of a Metallurgical Research Centre. The estimated project cost is ₹ 3,200 crore.

To finance the expansion, Bankebihari Ltd. proposes to raise funds through :

(1) A public issue of equity shares;

(2) A secured issue of non-convertible debentures to institutional investors; and

(3) Acceptance of deposits from the public.

For the secured debenture issue, the company proposes to create a charge over its stock of processed minerals, inventories, trade receivables and export proceeds. The security will allow the company to deal with these assets in the ordinary course of business until an event of default occurs, whereupon the charge will crystallize and attach specifically to the assets then existing.

Since the debenture issue is to be secured, the Board has been advised that it must appoint debenture trustee(s) and execute a debenture trust deed within the prescribed time in accordance with the applicable Rule of the Companies (Share Capital and Debentures) Rules, 2014.

The company also satisfies the eligibility criteria under Section 76 of the Companies Act, 2013 and intends to invite deposits from the public after obtaining the prescribed credit rating and complying with all other statutory conditions.

Based on the above case scenario and as per the applicable provisions of the Companies Act, 2013, answer the following Multiple-Choice Questions : (MCQ **10** & **11**)

10. In relation to the proposed secured debenture issue, Bankebihari Ltd. is required to appoint : **2**

(A) One or more debenture trustees after issuing the prospectus or letter of offer for subscription of debentures.

(B) The Registrar of Companies as trustee.

(C) A trustee only after all debentures are allotted.

(D) One or more debenture trustees before issuing the prospectus or letter of offer for subscription of debentures.

11. Which of the following statements is correct regarding Bankebihari Ltd.'s proposal to accept deposits from the public ? 2

(A) Any public company can accept deposits from the public without restrictions.

(B) Only an eligible public company meeting prescribed net worth or turnover criteria and complying with statutory conditions may accept deposits from the public.

(C) Private companies alone may accept deposits from the public.

(D) Approval of the National Company Law Tribunal is mandatory before accepting deposits.

Case Scenario-V :

M/s PAR LLP is a Limited Liability Partnership (LLP) carrying on legal advisory and consultancy services in Mumbai. The LLP was incorporated by three partners, Prabhas, Arjun and Ram Charan. The LLP Agreement provides that profits and losses shall be shared among the partners in the ratio of 40 : 35 : 25 respectively.

During the financial year, several events took place. Prabhas transferred a portion of his profit-sharing rights to his friend Rakesh. Subsequently, Arjun suspected that Ram Charan had diverted certain LLP funds to a related concern without obtaining approval from the other partners. Arjun and Prabhas jointly approached the Central Government seeking an investigation into the affairs of the LLP. The Central Government appointed an Inspector to investigate the affairs of the LLP. During the investigation, the Inspector demanded production of books of account, bank statements, agreements, and correspondence records. The Inspector also discovered that certain documents were likely to be destroyed and therefore exercised statutory powers available under the LLP Act.

Earlier, the partners had decided to convert their existing private company, PAR Legal Services Private Limited, into M/s PAR LLP. All prescribed documents were filed with the Registrar and the conversion was duly registered. Upon registration, questions arose regarding the vesting of assets and liabilities of the company.

Subsequently, the LLP faced liquidity issues and proposed a compromise arrangement with its creditors. At a meeting convened under the directions of the Tribunal, creditors representing 80% in value approved the arrangement, which was thereafter sanctioned by the Tribunal.

Based on the above case scenario and as per the applicable provisions of the Limited Liability Partnership Act, 2008, answer the following Multiple-Choice Questions : (MCQ **12** & **13**)

12. Prabhas transferred 50% of his right to receive profits from M/s PAR LLP to Rakesh. After the transfer, Rakesh demanded participation in management decisions, inspection of books of account, and voting rights in partner meetings. **2**

    Which of the following is correct ?

    (A) Rakesh automatically becomes a partner of the LLP and acquires all rights of a partner including management rights.

    (B) Rakesh acquires all rights of a partner including management rights.

    (C) Rakesh is entitled only to the economic benefits transferred to him and does not obtain management rights merely by such transfer.

    (D) The transfer results in dissolution of the LLP.

13. Due to financial difficulties, M/s PAR LLP proposed a compromise arrangement with its creditors. At a meeting directed by the Tribunal, creditors approved the proposal with such majority as mentioned in the above case, and the Tribunal subsequently sanctioned it. **2**

What is the legal consequence of such approval and sanction ?

(A) The arrangement requires approval by 90% of the value before it can take effect.

(B) The arrangement becomes binding on all creditors and the LLP, once sanctioned by the Tribunal.

(C) The arrangement requires approval by all partners before it can take effect.

(D) The arrangement remains merely recommendatory and is not legally enforceable.

Case Scenario-VI :

The State Government appointed Mr. Arjun Verma as the Commissioner of Trade Regulation and authorized him to issue licenses to traders. After six months, Mr. Verma retired and Ms. Kavya Sharma was appointed to the same office. Before retirement, Mr. Verma had initiated proceedings against certain traders but could not complete them. Ms. Sharma continued the pending proceedings and issued final orders.

The Commissioner's office also had Mr. Rohan Singh, a Deputy Commissioner, who was authorized by law to perform certain functions during the absence of the Commissioner.

Separately, the law empowered the Chief Trade Officer to issue directions to field officers. During a departmental reorganization, the designation of Chief Trade Officer was changed to Director of Trade Administration, while the field officers remained subordinate to that office.

Based on the above case scenario and as per the applicable provisions of the General Clauses Act, 1897, answer the following Multiple-Choice Questions : (MCQ No. **14** & **15**)

14. After retirement of Mr. Verma, Ms. Sharma continued the pending proceedings and issued final orders. Which statement is most appropriate ? **2**

    (A) The proceedings lapse automatically on retirement of the original officer.

    (B) Fresh proceedings must be initiated by Ms. Sharma.

    (C) Ms. Sharma can continue and complete the proceedings as successor to the office.

    (D) Only the Government can complete the proceedings.

15. During the Commissioner's absence, the Deputy Commissioner exercised a statutory function that the law permitted him to perform. The validity of his action will be determined on the basis that : **2**

    (A) A deputy can never exercise statutory powers.

    (B) A deputy may exercise powers when the law authorizes performance by the person acting for the office.

    (C) The action is valid only if approved later by the retired Commissioner.

    (D) The action is invalid because only the principal officer can act.

PART – II

70 Marks

(Descriptive Portion)

(Candidates are required to give descriptive answers for this part inside the answer book)

1. ***Question paper comprises 6 questions. Answer Question No. 1 which is compulsory and any 4 out of the remaining 5 questions.***
2. ***Working notes should form part of the answer.***
3. ***Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.***
4. ***Candidates are required to write the question number legibly.***

1. (a) Bharat Uday Limited (BUL) is incorporated on 1-4-2026. The company has a paid-up share capital of ₹ 50 crores. Following are key shareholders of the company : 5

Shareholders	₹
NMDC (Subsidiary of Central Government)	15 cr.
U.P.P.L. (Subsidiary of U.P. Government)	10 cr.
KGRL (Subsidiary of Gujarat Government)	10 cr.
Others	15 cr.

The first auditor of the company has been appointed by the Board of Directors on 31-5-2026. The members of the company have objected to such an appointment by the Board of Directors. According to the members, only the members can appoint the first auditor.

Advise the company on the validity of such appointment as per the provisions of the Companies Act, 2013. Also, advise whether the contention of members of the company is correct ?

(b) ARTICA Web Solutions Private Ltd. was engaged in developing software products primarily for small and medium-sized enterprises. The company now plans to expand its operations to provide advanced enterprise software solutions to large corporate clients. For this expansion, the company requires funds of approximately ₹ 50 crores. The promoters, however, prefer to retain control over the company and do not wish to convert it into a public company or raise funds through a public issue. **5**

The Company initially considered raising funds through a rights issue to existing shareholders but succeeded in generating only ₹ 5 crore.

Thus, promoters decided to raise ₹ 45 crore through private placement from a selected group of 50 identified persons. Out of them 5 were qualified institutional buyers (QIBs).

The Company sent offer-cum-application letter to above identified 50 people after passing special resolution on 16th May, 2025. Application money received within 30 days after that company allotted shares to above stated 50 persons on 20th August, 2025.

With reference to the provisions of the Companies Act, 2013, advise with justification :

(i) Whether ARTICA Web Solutions Pvt. Ltd. was justified in raising additional funds through a private placement, when company already received ₹ 5 crore from right issue ?

(ii) Whether offer-cum-application letter sent to 50 identified person was within the limit ?

(c) VISTA Chains Ltd., incorporated in 2012, is a large construction and engineering conglomerate. They are involved in nearly all heavy civil infrastructure. The Company wants to remit USD 8 million to a consultancy firm based in Germany for advisory services related to a new highway infrastructure project in India. **4**

On the other hand, the company has taken consultancy services from Germany for upgradation of software on a different project for which it wants to remit USD 1.2 million. According to opinion of CFO, VISTA Chains Ltd. can freely remit USD 9.2 million (8 million + 1.2 million) without any kind of approval.

Decide with reference to provisions of the Foreign Exchange Management Act, 1999, whether opinion of Mr. CFO is correct or not ?

2. (a) BM Networks Limited is a listed public company engaged in digital broadcasting and media services. The company has issued two classes of shares, namely Equity Shares and Preference Shares carrying cumulative dividend rights. As per the Articles of Association, the rights attached to any class of shares may be varied in accordance with the provisions of the Companies Act, 2013.

In 2026, the company entered into negotiations with an international investment fund for infusion of capital. The investor insisted that the company should suspend the cumulative dividend rights attached to the existing preference shares for a period of four years so that profits could be reinvested into expansion projects. In return, the investor proposed infusion of substantial equity capital into the company.

The Board of Directors convened a separate meeting of preference shareholders and proposed variation of their rights by postponing the cumulative dividend entitlement for four years. In the meeting, preference shareholders holding 81% of the issued preference share capital approved the variation through a special resolution.

However, a group of dissenting preference shareholders holding 11% of the issued preference shares objected to the proposal. They argued that the suspension of cumulative dividend rights destroyed the commercial value of their investment and amounted to unfair treatment in favour of the incoming investor and promoter shareholders. They further alleged that the explanatory statement accompanying the notice failed to disclose that the promoters would receive additional managerial benefits under the investment arrangement.

Within 14 days from the passing of the special resolution, the dissenting shareholders jointly approached the National Company Law Tribunal (NCLT) seeking cancellation of the variation of rights under Section 48 of the Companies Act, 2013.

Despite pendency of the matter before the Tribunal, the company deferred payment of cumulative dividend and implemented the revised arrangement.

Based on the above facts and as per the relevant provisions of the Companies Act, 2013, answer the following questions :

(i) Discuss whether the variation of cumulative dividend rights of preference shareholders by BM Networks Limited is legally sustainable under the Companies Act, 2013. **2**

(ii) Examine the remedies available to dissenting shareholders and determine whether the company was justified in implementing the variation during pendency of proceedings before the Tribunal. **3**

(b) Renovations and Innovations Ltd. (RI Ltd.) received share application money of ₹ 60 Lakhs on 01-06-2025 but failed to allot shares within the prescribed time limit. The share application money of ₹ 5 Lakh received from Mr. Khanna, a customer of the company, was refunded by way of book adjustment towards the dues payable by him to the company on 30-07-2025. **5**

The Company Secretary of RI Ltd. reported to the Board that ₹ 55 Lakhs shall be deemed to be 'Deposits' as on 31-07-2025 as it was not refunded within 30 days.

The Company is required to comply with the provisions of the Companies Act, 2013 applicable to acceptance of deposits in relation to this amount. You are required to examine :

(i) Whether reporting of Company Secretary regarding that ₹ 55 Lakhs will be deemed to deposit is correct ?

(ii) Whether adjustment of ₹ 5 Lakhs towards the dues payable by Mr. Khanna will be treated as refund within prescribed time limit ?

(c) Under the Environment (Protection) Act, 1986, the Central Government proposed draft environmental compliance rules affecting chemical manufacturing industries. The parent Act required rules to be made after previous publication.

Accordingly, draft rules were published in the Official Gazette inviting objections and suggestions from stakeholders within 30 days. Several industry associations submitted objections, but the Government finalized the rules without discussing those objections in detail.

Based on the above facts and as per the applicable provisions of the General Clauses Act, 1897, answer the following questions :

(i) What procedure must be followed where rules are required to be made after previous publication ? **2**

(ii) Whether the authority is required to consider objections received from stakeholders ? **2**

(a) ABC Technologies Ltd. is a public company. According to its Articles of Association, the company can borrow money only if a resolution is passed by the Board of Directors. Mr. Raj, the Managing Director, approached National Finance Ltd. and borrowed ₹ 50 lakh on behalf of the company. He produced a copy of a Board Resolution authorizing the borrowing. Later, it was discovered that, No Board Meeting had actually been held. The resolution shown to the lender was forged by Mr. Raj. **5**

The lender had no knowledge of the forgery and acted in good faith.

Separately, another transaction took place where the company's accountant borrowed ₹ 10 lakh from a supplier in the company's name. The Articles did not authorize the accountant to borrow money, and the supplier did not verify the accountant's authority.

The company refused to repay both amounts.

(i) Explain the Doctrine of Indoor Management and identify the exceptions applicable in the above situations.

(ii) Whether the company is liable to repay ₹ 50 lakh borrowed by the Managing Director ?

(iii) Whether the company is liable to repay ₹ 10 lakh borrowed by the accountant ?

(b) PQR Limited, a manufacturing company, is in the process of expanding its operations. To support this expansion, PQR Limited has acquired a plot of land along with the buildings on it from ABC Limited, another company in the same industry. The property, however, is subject to an existing charge, created in favour of a bank as security for a loan of ₹ 50 Lakhs taken by ABC Limited. This charge had been registered by ABC Limited at that time. The directors of PQR Limited suggested that as the charge for the property was already created, there is no further obligation to be fulfilled from the side of PQR Limited. **5**

After negotiations, the bank contended that ABC Ltd. already paid ₹ 30 Lakh out of ₹ 50 Lakh and PQR Ltd. wants to enhance the limit so there is a need for modification of charge. Bank refused to continue with same charge.

Advise with reference to provisions of registration of charge of the Companies Act, 2013 :

(i) Whether the contention of directors of PQR Limited is correct that the charge for the property was already created, there is no further obligation to be fulfilled from the side of PQR Limited ?

(ii) What do you mean by modification of charge ? Whether modification is applicable in above circumstance ?

(c) (i) One of the section under the University Act states that appointments to teaching posts must be made through a Selection Committee. Another section provides : 2

"Notwithstanding anything contained in this Act, the Chancellor may make temporary appointments in cases of emergency."

The Chancellor appoints a professor without constituting a Selection Committee during an academic crisis. The appointment is challenged.

What shall be your interpretation in this regard ?

(ii) A statute provides : 2

"Without prejudice to the penalty that may be imposed under Section 20, the licence of the defaulter may also be suspended."

A licensee contends that once penalty is imposed, suspension cannot be ordered. Examine the validity of the contention raised by the licensee.

(a) Sunrise Infra Limited, an unlisted public company, maintained its books of account at a branch office in Pune instead of its registered office in Mumbai. The Board of Directors had approved the decision, but the company failed to file Form AOC-5 with the Registrar within seven days. The company also maintained its books in electronic mode using accounting software that allowed editing of entries without preserving an audit trail. During inspection, Director Mr. Karan requested financial information relating to the company's Dubai branch. However, the finance department delayed the submission for more than one month. Further, it was found that the company had preserved vouchers and books of account only for the previous five years.

Later, while preparing the financial statements for F.Y. 2024-25, the auditors observed that the statements were not prepared in compliance with Accounting Standards and certain deviations had not been disclosed. The Board realised that the earlier year's financial statements also contained errors and proposed revising them voluntarily. However, the directors wanted to revise the statements for the previous four financial years without approaching the Tribunal.

The shareholders questioned whether the company had complied with the provisions of the Companies Act, 2013 relating to maintenance of books of account, preservation of records, disclosure requirements, and voluntary revision of financial statements.

Based on the above facts, answer the following questions :

(i) Discuss and evaluate whether Sunrise Infra Limited complied with the provisions relating to maintenance and preservation of books of account under the Companies Act, 2013. **2**

(ii) Examine whether the company could revise its earlier financial statements without Tribunal approval and whether non-disclosure of accounting standard deviations was proper. **3**

(b) ABC Professionals LLP was incorporated with three partners, Amit, Bharat, and Charu. At the time of incorporation, Amit and Bharat were appointed as designated partners. On 1st January, 2026, Bharat resigned as a designated partner. The LLP did not appoint a new designated partner until 20th February, 2026. During this period, the LLP failed to file its annual return with the Registrar. Amit argued that he should not be held responsible because the filing work was assigned to the accounts manager. **5**

Based on the above facts and applicable provisions of the Limited Liability Partnership Act, 2008, answer the following questions :

(i) Whether ABC Professionals LLP complied with the provisions relating to designated partners ?

(ii) Who is responsible for ensuring compliance with the LLP Act ?

(c) The Central Government enacted the Industrial Regulation Act, 1985. One of the provisions of the Act uses the term "processing unit", but the term is not specifically defined in the statute. **4**

For the last 30 years, licensing authorities across the country have consistently treated small packaging units as "processing units" under the Act. Several industries have been granted licenses on this basis. The Legislature has amended the Act multiple times over the years, but has never altered this interpretation. Further, in one case, a High Court also accepted this long-standing practice while deciding a dispute.

Recently, a new regulatory authority has taken a different view and denied license to a packaging unit, arguing that the term "processing unit" should be interpreted strictly as per its dictionary meaning and not according to past administrative practice.

The affected company challenges the decision and contends that long-standing usage and practice should guide the interpretation of the statute.

While interpreting a statute, what is the effect of usage, customs and long-standing practice ? Explain with reference to relevant principles and Latin maxims.

5. (a) ADR Tech Ltd., a company incorporated in Germany, has established a place of business in India in the form of a liaison office. The shareholding pattern of ADR Tech Ltd. is as follows : 5

40% of its paid-up share capital is held by Indian citizens and 15% is held by an Indian incorporated company. The remaining shares are held by foreign investors. The company is now planning to expand its operations in India and is unsure about the applicability of the Companies Act, 2013.

(i) Determine whether Section 379(2) of the Companies Act, 2013 is applicable to ADR Tech Ltd ?

(ii) By what time all the requisite documents shall be filed ?

(b) Sunrise Consultants LLP was formed in 2018 by three partners to provide management consultancy services. Over the years, the business expanded successfully. However, in 2026, the partners faced serious disagreements regarding future business strategies. 5

Two partners wanted to discontinue the business because they planned to pursue other ventures. The third partner believed that the business should continue but admitted that if the partners could not work together, closure of the LLP would be practical.

At the same time, a major creditor filed a petition before the National Company Law Tribunal alleging that Sunrise Consultants LLP was unable to pay its debts and requested that the LLP be wound up by the Tribunal.

The partners sought legal advice on the modes by which an LLP may be wound up and whether dissolution would follow after winding up ?

(c) The National Infrastructure Authority Act, 2005 (a Central Act enacted after the commencement of the General Clauses Act, 1897) provides that : 4

"The Chairperson of the National Infrastructure Authority shall have the power to grant licenses for strategic highway projects."

In 2024, the designation of "Chairperson" was replaced by "Managing Director" through an amendment to the parent Act. The powers and functions earlier exercised by the Chairperson were formally vested in the Managing Director.

A dispute arose when a company challenged the validity of a license granted by the Managing Director on the ground that the original provision of the Act referred only to the "Chairperson" and not to the "Managing Director".

The company contends that since the Act specifically mentions "Chairperson", only that office-holder could exercise the power and not any successor authority.

With reference to the relevant provisions of the General Clauses Act, 1897 relating to "Successors", examine whether the license granted by the Managing Director is valid ?

6. (a) The Governments of Gujarat and Uttar Pradesh collectively hold 60% of the paid-up Equity Share Capital of Paras Limited. The audited financial statements of Paras Limited for the financial year 2024-25 were presented at its Annual General Meeting convened on 17th August, 2025. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts. Therefore, the company did not file its financial statements with the 5

Registrar of Companies. Afterwards, on receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 20th September, 2025 whereat the accounts were adopted. Thereafter, Paras Limited filed its financial statements relevant to the financial year 2024-25 with the Registrar of Companies on 29th September, 2025.

Examine, with reference to the applicable provisions of the Companies Act, 2013, whether Paras Limited has complied with the statutory requirements regarding filing of accounts with the Registrar.

OR

(a) APAR Limited is an unlisted manufacturing company incorporated in 2015. Financial statement of company as on 31-03-2026 disclosed following facts :

Particulars	**Amount (₹)**
Paid-up Share Capital	45 crore
Turnover	180 crore
Loan from HDFC Bank	90 crore (paid ₹ 30 crore during the year 25-26)
Outstanding Deposit	20 crore (refunded ₹ 10 crore in 25-26)

CFO of company insisted that they have to appoint Internal Auditor for 2026-27. But, Managing Director of company refused on the ground that we have a statutory auditor and we need not any other outsider to involve in audit of the company. CFO suggested the name of CA Aakash Gupta, who was an ex-employee of the company. Managing Director contended that only a firm of Chartered Accountants or Company Secretary can be appointed as internal auditor not an individual Chartered Accountant who is even not in practice. On the other hand, we are not legally required to appoint Internal Auditor. Decide with reference to provisions of Companies Act, 2013 including applicable rules :

(i) According to facts of financial statements of APAR Limited, whether the company is legally required to appoint internal auditor for the F.Y. 2026-27 ?

(ii) Whether contention of Managing Director was correct that only a firm of Chartered Accountants or Company Secretary can be appointed as internal auditor not an individual chartered accountant who is even not in practice; and we are not legally required to appoint Internal Auditor ?

(b) Parul Ltd. had created a charge on its factory building in favour of XYZ Bank Ltd. for a term loan. Due to continuous default in repayment, XYZ Bank exercised its rights under the loan agreement and appointed Mr. Rajesh Mehta as Receiver of the charged property on 1st March, 2026. The bank informed Parul Ltd. about the appointment on 10th April, 2026 and filed the notice with the Registrar of Companies on 15th April, 2026. Mr. Rajesh Mehta ceased to act as Receiver on 30th September, 2026, but no notice regarding cessation was filed with the Registrar. **5**

Based on the above facts and applicable provisions of the Companies Act, 2013; answer the following questions :

(i) Whether XYZ Bank has complied with the relevant provisions regarding intimation of appointment of Receiver ?

(ii) Is there any compliance requirement upon cessation of the Receiver's appointment ?

(c) Nirbhik Singh, an Indian citizen, was working in Mumbai with an Indian software company till August 2025. During the financial year 2024-25, he stayed in India for more than 250 days. In September 2025, he shifted to Singapore after accepting a five-year employment contract with a multinational technology company. Before leaving

India, he opened a foreign currency account in Singapore and also purchased shares of a foreign company through overseas investment channels. Simultaneously, he continued to hold a residential apartment in Pune and maintained savings accounts with Indian banks.

Nirbhik Singh's wife, Namrata, accompanied him to Singapore but returned to India within six months due to her independent business activities in Jaipur. She established a textile export unit in India and intended to continue operating the business permanently from India. Meanwhile, Nirbhik Singh started supervising the Singapore branch office of an Indian company which was controlled by its head office in Bengaluru.

During an internal compliance review, the authorised dealer bank raised doubts regarding the residential status of both Nirbhik Singh and Namrata under FEMA. The bank particularly questioned whether Nirbhik Singh could still be regarded as a "Person Resident in India" merely because he owned assets in India and whether Namrata's temporary stay in Singapore affected her residential status under FEMA. The issue became relevant for determining the permissibility of foreign exchange transactions, overseas investments, and maintenance of foreign assets under Sections 3, 4 and 6 of FEMA.

Based on the above facts, answer the following questions :

(i) Whether Nirbhik Singh shall be treated as a "Person Resident in India" under Section 2(v) of FEMA, 1999 ? **2**

(ii) Whether Namrata can still be regarded as a "Person Resident in India" despite accompanying her husband to Singapore for a temporary period ? **2**