Mock Test Paper - Series I: March, 2026

Date of Paper: 18th March, 2026

Time of Paper: 10 A.M. to 1 P.M.

INTERMEDIATE COURSE: GROUP – I

PAPER – 2: CORPORATE AND OTHER LAWS

Time Allowed – 3 Hours **Maximum Marks – 100**

1. *The question paper comprises two parts, Part I and Part II.*
2. *Part I comprises Case Scenario based Multiple Choice Questions (MCQs)*
3. *Part II comprises questions which require descriptive type answers.*

PART I – Case Scenario based MCQs (30 Marks)

Part I is compulsory.

Case Scenario 1

Returning from Texas, USA, in January 2025, after undergoing a six months' course in Sound Engineering and music production, Aditya fully learnt and understood the nuances of music production; a skill which was always very close to his heart. He decided to open an audio-recording studio offering multi-lingual voice-over services, music composition, video post-production which is nothing but final phase of creation of videos where separate shots are assembled into a cohesive story and further, thought of providing services relating to other similar functions of creative nature. Initially, he undertook certain contracts as a sole proprietor and continued till mid of 2025. In the month of September 2025, in order to give his venture a structural shape, he thought of forming a private limited company with his parents, Lokendra Ji and Vandana Ji and some other relatives as well as certain trustworthy friends, who agreed to subscribe to the share capital of the company as shareholders.

Accordingly, Aditya made an application for reservation of name through the web service available at www.mca.gov.in by using web service SPICe+ and by the first week of October 2025, he got incorporated SurSangam Studios Private Limited, a name which was approved by the jurisdictional Registrar of Companies. The Authorised and Paid-up Capital of the company was ₹ 2,00,00,000 (divided into 20,00,000 equity shares of ₹ 10 each).

Aditya was running his audio-recording studio from a rented hall and two adjacent rooms situated in a commercial place at Borivali East, Mumbai. He decided to designate it as Registered Office; and immediately after incorporation, he proceeded to file on behalf of SurSangam Studios Private Limited, the requisite form with the jurisdictional ROC to officially notify the jurisdictional Registrar of Companies about the location of the company's registered office which would be capable of receiving and acknowledging all communications and notices. For verification of Registered Office, he also attached the notarized copy of the rental agreement executed in favour of the company and a copy of rent paid receipt.

Very soon, the Studio became a distinguished name in the realm of recording studio and became a trusted hub for musicians and artists speaking unparalleled recording services. The signboard outside his studio proudly displayed the name of his company as SurSangam Studios Private Limited. During the year, the company held regular Board and other meetings and and filed its Annual Return in compliance with the statutory requirements.

On the basis of above facts and by applying applicable provisions of the Companies Act, 2013 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (of 2 marks each) given herein under:

1. SurSangam Studios Private Limited was incorporated on 5 October 2025. Immediately after incorporation, Aditya informed the Registrar about the location of the registered office of the company. By which of the following dates must the company verify its registered office with the Registrar?

   (a) 20th October 2025

   (b) 4th November 2025

   (c) 4th December 2025

   (d) 3rd January 2026

2. Suppose, Aditya obtained approval of the name "SurSangam Studios Private Limited" from the Registrar of Companies on 3 October 2025 for incorporating a new company. By which of the following dates will such approved name remain reserved by the Registrar in the first instance, within which the incorporation application must be filed?

   (a) 10th October 2025.

   (b) 18th October 2025.

   (c) 23rd October 2025.

   (d) 2nd November 2025.

3. As several regulatory relaxations are available to a small company, Aditya wishes to know whether SurSangam Studios Private Limited can be treated as a small company. Which of the following statements is most suitable in this regard?

(a) Since Aditya did not specifically state at the time of incorporation that the company should be categorized as a small company, SurSangam Studios Private Limited cannot be considered a small company.

(b) Since Aditya did not specify such categorisation at the time of incorporation, SurSangam Studios Private Limited can be considered a small company only after completion of three financial years from the year of incorporation.

(c) Since Aditya did not specify such categorisation at the time of incorporation, SurSangam Studios Private Limited can be considered a small company only after completion of five financial years from the year of incorporation.

(d) SurSangam Studios Private Limited will be considered a small company if the prescribed limits relating to paid-up capital and turnover are not exceeded and the company is not covered under the excluded categories.

4. If SurSangam Studios Private Limited proposes to induct additional investors in the future, what is the maximum number of members it can have as per the Companies Act, 2013 (excluding present and former employees who are members)?

(a) 50

(b) 100

(c) 200

(d) No limit is prescribed

5. If SurSangam Studios shifts its registered office within the same city, which approval is required?

(a) Central Government only

(b) Regional Director only

(c) Board of Directors

(d) Special Resolution only

Case Scenario 2

DEF LLP is a well-established limited liability partnership engaged in providing consulting services. It has four partners: A, B, C and D, each contributing equally to the capital and holding an equal share of the profits and losses, as detailed in the LLP agreement. The partnership operates smoothly until Partner A encounters significant financial difficulties due to personal business losses and decides to transfer his entire share of profits and losses in the LLP to Mr. X, an external investor, in exchange for financial assistance. The decision, although legal as per the LLP agreement, creates a ripple of concerns among the other partners. After the transfer:

- Partner B argues that the LLP must be dissolved because Partner A's transfer of rights effectively amounts to exiting the partnership, thus impacting the continuity of the LLP.
- Mr. X, being the transferee, demands active participation in DEF LLP's decision-making processes and insists on accessing financial records to monitor his investment, citing the substantial stake he now holds in the LLP.
- Partner C voices concerns about the potential disruption in the LLP's management structure and operations, questioning whether Mr. X's involvement aligns with the LLP's existing framework and the provisions of the Limited Liability Partnership Act, 2008.
- Partner D, on the other hand, adopts a neutral stance but raises the issue of whether the LLP agreement sufficiently addresses such transfers to avoid future disputes.

The situation creates a complex dynamic within DEF LLP, raising questions about the rights of the transferee, the implications for the partnership's operations, and the legal provisions governing such transfers under the Limited Liability Partnership (LLP) Act, 2008.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions given herein under:

6. Can Partner A legally transfer their share of profits and losses to Mr. X?

   (a) No, Partner A cannot transfer their share without the consent of all other partners.

   (b) Yes, Partner A can transfer their share entirely in accordance with the LLP agreement.

   (c) No, such transfers are not allowed under the LLP Act.

   (d) Yes, but only if Mr. X becomes a partner in the LLP.

7. Does the transfer of Partner A's share to Mr. X result in the dissolution of DEF LLP?

   (a) Yes, because transferring all rights indicates Partner A's disassociation.

   (b) No, because the LLP Act, 2008 does not consider such transfers as grounds for dissolution.

   (c) Yes, because all partners must agree to such transfers to avoid dissolution.

   (d) No, unless it is explicitly stated in the LLP agreement.

8. Does Mr. X gain any right to participate in DEF LLP's management or access its financial records?

   (a) Yes, as he now holds Partner A's share in the LLP.

   (b) No, unless expressly allowed by the LLP agreement.

   (c) Yes, because it is essential to safeguard his investment.

   (d) Yes, as external transferees are automatically included in LLP management.

Case Scenario 3

Progressive Management College have introduced a Global Management Diploma Course which is of 12 months duration. Out of 12 months, 11 months studies are held in India and rest of 1 month is earmarked for foreign tour. Rudra Pratap is the Principal of the college. After taking requisite permission from the competent Ministry, the cultural tour programme was chalked out and the team visited Malaysia, Singapore, Australia and New Zealand.

Rudra Pratap's daughter Payal got admission in a medical college situated in California, United States of America. For fee and other expenses, Payal needs USD 2,25,000. Rudra Pratap contacted his banker to know the procedure for availing of foreign exchange and the authority to whom he shall apply. His banker properly guided all the relevant procedures for availing of the foreign exchange.

Rudra Pratap's brother Sourya Pratap went to UK some years ago, where he joined a company in managerial position. He intermittently visits to India and maintains a Non-Resident Special Rupee Scheme Account (NRSR) in Mumbai. He wanted to make remittance of interest earned in the NRSR Account and asked his bankers for the required formalities.

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 (one out of four) of the following Multiple Choice Questions given herein under:

9. For the purpose of cultural tours, approval of which Ministry is required to be obtained?

   (a) Ministry of Human Resources Development

   (b) Ministry of External Affairs

   (c) Ministry of Home Affairs

   (d) Ministry of Commerce and Industry

10. For availing foreign exchange for studying abroad, which of the following option is correct:

    (a) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad is prohibited.

    (b) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad requires prior approval of Government of India.

    (c) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad requires prior approval of RBI.

    (d) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad do not require prior approval of RBI.

11. The remittance of foreign exchange for arranging of cultural tour for the students is an example of:

    (a) Capital Account Transactions

    (b) Current Account Transactions

    (c) Hybrid Transactions

    (d) Amortised Transactions

Independent MCQs

12. According to the provisions of the Companies Act, 2013, by what date should the company submit the AGM report to the Registrar? [Consider the date of AGM as 25th May 2024]

    (a) 4th June 2024

    (b) 9th June 2024

    (c) 24th June 2024

    (d) 25th June 2024 **(2 Marks)**

13. Best Limited initially created a charge in favor of LKJ Bank for a financial facility. This charge was duly registered. A few months later, LKJ Bank enhanced the credit facility by an additional ₹ 40 crore. However, due to an oversight, Best Limited failed to register the modification to the original charge with the Registrar of Companies. The company has now realized this error and is concerned about the potential impact on its records and compliance.

    As per the provisions of the Companies Act, 2013, what steps should Best Limited take to correct the situation regarding the unregistered modification of the charge?

(a) Ignore the oversight since the original charge was registered.

(b) Re-register only the original charge with the updated facility amount.

(c) File an application with the Central Government for rectification of the Register of Charges.

(d) Contact LKJ Bank to withdraw the enhanced facility until the registration is completed. **(2 Marks)**

14. ABC Limited operates a factory near a river. A recent Central Act mandates that factories must be located at least 3 kilometers away from any river.

An environmental agency claims that ABC Limited's factory is only 2.5 kilometers away from the river, while ABC Limited argues that the distance is 4 kilometers, based on the road distance along a winding path leading to the river.

As per the General Clauses Act, 1897, how should the distance between ABC Limited's factory and the river be measured to determine compliance with the Central Act?

(a) The distance should be measured along the shortest possible straight line (horizontal plane) between the factory and the river.

(b) The distance should be measured along the road/ path actually travelled, as argued by ABC Limited.

(c) The environmental agency's estimate of 2.5 kilometres should be automatically accepted since it favors environmental protection.

(d) The distance should be measured based on any reasonable method, as long as it justifies the company's compliance. **(2 Marks)**

15. Entrenchment enhance the protection. ABC 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 make the provisions for entrenchment. **(2 Marks)**

PART – II Descriptive Questions (70 Marks)

*Question No.**1** is compulsory.*

*Attempt any **Four** questions out of the remaining **Five** questions.*

1. (a) Cross Wheels Limited, at a general meeting of members of the company, passed an ordinary resolution to buy-back 30 percent of its equity share capital. The articles of the company empower the company for buy-back of shares. Explaining the provisions of the Companies Act, 2013, examine whether company's proposal is in order? **(5 Marks)**

   (b) Mr. Arvind is a partner and in-charge (and certifies financial statements) of M & Associates, the statutory auditor of Zenith Limited, a listed company. Upon completion of its permissible tenure under the Companies Act, 2013, M & Associates ceases to be the auditor in the year 2024.

   Mr. Arvind retires from M & Associates on 5th April 2025 and joins P & P Associates as a partner on 25th April 2025.

   At the general meeting held on 31st May 2025, Zenith Limited appoints P & P Associates as its next auditor.

   Advise whether the appointment P & P Associates is in compliance with the provisions of the Companies Act, 2013. **(5 Marks)**

   (c) Alpha Infra Ltd., a company engaged in infrastructure development, proposes to hire a foreign consultancy firm for a large highway project and plans to remit USD 12,000,000 towards consultancy fees.

   Examine, with reference to the provisions of FEMA, 1999 read with Rules, whether such remittance require prior approval of the Reserve Bank of India. **(4 Marks)**

2. (a) Seva school started imparting education on 1st April, 2010, with the sole objective of providing education to children of weaker society either free of cost or at a very nominal fee depending upon the financial condition of their parents. However, on 30th March 2025, it came to the knowledge of the Central Government that the said school was operating by violating the objects of its objective clause due to which it was granted the status of a section 8 company under the Companies Act, 2013. Describe what powers can be exercised by the Central Government against the Trinity school, in such a case? **(5 Marks)**

   (b) S Ltd., has a paid-up equity share capital of ₹ 40 crore. The company is technology based company and is not a startup company. It has previously issued sweat equity shares worth ₹ 8 crore and now plans to issue an additional ₹ 7 crore this year.

Describe sweat equity share. What is the overall maximum limit to issue sweat equity share, and does the proposed issuance exceed the limit? **(5 Marks)**

(c) Aman owned a piece of land containing fifty tamarind trees. He agreed to transfer the land along with the timber to be derived after felling those trees to Bhavna. Aman seeks advice on whether such timber would be considered immovable property. Advise with reference to the provisions of the General Clauses Act, 1897. **(4 Marks)**

3. (a) Mr. A is a Chartered Accountant and an MBA by profession, has been appointed as an Executive Director on the Board of XYZ Limited. His job profile includes advising the Board of Directors of the company on various compliance matters, strategies, business plans and risk matters relating to the company. Keeping in view of above position whether Mr. A can be classified as the Promoter of XYZ Limited? Examine the same under the provisions of the Companies Act, 2013. **(5 Marks)**

(b) White Private Limited is engaged in the business of manufacturing premium quality rattle toys. They have a huge market for their toys all over India. The company has appointed its statutory auditors for the financial year 2025-2026. The engagement letter of the auditors was signed with a clause that fee to be mutually decided. Directors of the company have approached you to seek your advice for provisions related to remuneration of auditors as per the provisions of the Companies Act, 2013. **(5 Marks)**

(c) Explain the rule of interpretation "*Generalia specialibus non derogant*" Also state the limitations of this rule. **(4 Marks)**

4. (a) The Governments of Tamil Nadu and Andhra Pradesh collectively hold 60% of the paid-up Equity Share Capital of Paper Limited. The audited financial statements of Paper 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 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, Paper 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, Paper Limited has complied with the statutory requirement regarding filing of accounts with the Registrar. **(5 Marks)**

(b) Downtown Limited is an unlisted public company. As per its audited financial statements for the financial year 2024–25, the company had a paid-up share capital of ₹ 40 crore, a turnover of ₹ 210 crore and outstanding loans of ₹ 90 crore from public financial institutions. The company also accepted public deposits amounting to ₹ 28 crore during the same financial year.

Based on the above facts, examine whether Downtown Limited is required to appoint an internal auditor as per the provision of the Companies Act, 2013.

(5 Marks)

(c) ABC Exports Ltd., an Indian exporter, entered into an agreement to export machinery to a foreign buyer under the Rupee State Credit Route. As per the agreement, the company proposed to pay commission to its overseas agent at 8% of the invoice value for facilitating the export. In another transaction, the company exported tea under the same route and paid commission of 12% of the invoice value to its agent.

Examine the validity of the above transactions with reference to the provisions of the Foreign Exchange Management Act, 1999 relating to the above transactions.

(4 Marks)

5. (a) Black Ltd. is a company having paid up share capital of ₹ 12.50 crore with total number of members being 3500. The board of directors have called a general meeting (the meeting) to be conducted on 5th August 2025 at 2.00 pm. On the date of the meeting the required quorum was not present within half an hour and hence was adjourned to the next week on 12th August 2025 on same day at same venue. In reference to the above scenario in light of the relevant provisions of the Companies Act, 2013, what will be the fate of the meeting in case two members, in person, were present at the adjourned meeting held on 12th August 2025?

(5 Marks)

(b) Explain the protection available for the "whistleblowers" in the context of the Limited Liability Partnership Act, 2008. **(5 Marks)**

(c) Discuss the role of context in interpreting definitions under a statute. In this light, explain:

(a) Ambiguous definitions

(b) Definitions subject to a contrary context **(4 Marks)**

6. (a) Quiet Limited, a company incorporated outside India and to which provisions of Chapter XXII of the Companies Act, 2013 are applicable, entered into a contract with Loud Limited, an Indian company, for the supply of machinery. After the machinery was delivered, Loud Limited failed to make the payment citing defects in the machinery. Quiet Limited discovered that it had failed to comply with certain provisions of Chapter XXII of the Companies Act, 2013, relating to the registration of foreign companies in India. Despite this, Quiet Limited intends to file a suit against Loud Limited for payment.

Discuss whether Quiet Limited can initiate legal proceedings against Loud Limited in light of the non-compliance with Chapter XXII of the Companies Act, 2013. What are the legal implications of this non-compliance for the validity of the contract and Quiet Limited's right to sue?

Give your answer as per the provisions of the Companies Act, 2013 [read along with the Companies (Registration of Foreign Companies) Rules, 2014]. **(5 Marks)**

(b) Examine the validity of the following decision of the Board of Directors with reference to the provisions of the Companies Act, 2013:

In the Annual General Meeting of Sunrise Limited, 75 members present either personally or through proxies, representing more than one-tenth of the total voting power of the company, demanded that voting on a resolution be conducted by way of a poll. The Chairman of the meeting declined the request stating that a demand for poll can be made only by members who are personally present at the meeting.

Discuss whether the decision of the Chairman is valid under the provisions of the Companies Act, 2013. **(5 Marks)**

(c) State the provisions of the General Clauses Act, 1897 relating to 'gender and number'. **(4 Marks)**