Mock Test Paper - Series II: August, 2026

Date of Paper: 10th August, 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

Manapuram Ltd. is a leading construction company of India. In 2022 the company decided to convert itself into a private company due to strategic reasons and changes in shareholding. After passing a special resolution and altering its articles of association, the company formally became a private company, and its name changed from Manapuram Ltd. to Manapuram Pvt. Ltd. The company secretary advised the Board to file Form INC-24 with the Central Government for this name change.

In January 2025, the company planned to acquire high-tech machinery and required ₹ 50 crore in funding. It approached ABC Bank, which agreed to lend the amount against a fixed charge on the company's plots situated in Delhi. A year later, due to financial difficulties, the company decided to sell its plots, including the Delhi plot.

Kalyani Ltd., a real estate development company, agreed to purchase the Delhi plot for ₹ 20 crore. During due diligence, Kalyani Ltd. discovered that ABC Bank held a registered charge on the property as security for its loan.

In February 2026, Manapuram Ltd. accepted ₹ 12 crore as public deposits, of which ₹ 6 crore is maturing in the next financial year.

The Board, reviewing the company's financial position, observed that aggregate outstanding loans and deposits had reached ₹ 62 crore and formed the view that the company was required to constitute an Audit Committee since this exceeded ₹ 50 crore.

Manapuram Ltd. issued 10,000 equity shares through private placement, approved by the Board on 1-03-2026, and separately approved a buy-back of 5,000 shares on 15-04-2026. Both transactions were entered in the Register of Members on 25-04-2026.

In light of the above facts, answer the following Multiple Choice Questions (Each MCQ 2 Marks):

1. Is filing Form INC-24 with the Central Government mandatory for this name change?

   (a) Yes, because any name change, regardless of the reason, requires Central Government approval.

   (b) No, because the change of name results solely from the company's conversion from public to private under Section 14; a fresh certificate of incorporation reflecting the new name is issued by the Registrar on approval of conversion, without a separate name-change application.

   (c) Yes, because the name change involves adding the word "Private".

   (d) No, provided the company files a fresh MoA within 30 days.

2. Manapuram Ltd. sells the Delhi plot to Kalyani Ltd., but the property carries ABC Bank's existing registered charge. What is Kalyani Ltd.'s correct legal position?

   (a) The charge lapses automatically once the property is transferred to a new owner.

   (b) Kalyani Ltd. takes the property subject to the existing charge. Registration under Section 77 operates as constructive notice to every person dealing with the property and must have the charge satisfied/released (Form CHG-4) or obtain the bank's consent before or at completion.

   (c) Kalyani Ltd. must independently apply to register the same charge afresh in its own name with the Registrar of Companies.

   (d) The charge binds Manapuram Ltd. personally only and does not attach to the property once sold.

3. What amount must Manapuram Ltd. deposit in its Deposit Repayment Reserve (DRR) Account for FY 2026-27, given that ₹ 6 crore of its ₹ 12 crore deposits mature during that year?

   (a) ₹ 1.5 crore

   (b) ₹ 1 crore

   (c) ₹ 1.2 crore

   (d) ₹ 2 crore

4. By what dates was Manapuram Ltd. required to update its Register of Members for (i) the private placement allotment approved 1-03-2026, and (ii) the buy-back approved 15-04-2026?

   (a) By March 8, 2026 for the allotment and by April 22, 2026 for the buy-back.

   (b) By March 10, 2026 for the allotment and by April 30, 2026 for the buy-back.

   (c) By March 7, 2026 for the allotment and by April 20, 2026 for the buy-back.

   (d) By March 15, 2026 for the allotment and by April 25, 2026 for the buy-back.

Case Scenario 2

"Brown Solutions LLP" was formed in India to provide solar panel installation solutions. Mr. Pradeep, an NRI, considered inducting: (1) Mr. Rajeev, who resided in India from 2nd July 2023 to 30th October 2023; (2) Ms. Jenny, a U.S.A. citizen visiting India on a business visa; (3) Darkhorse LLP, a Singapore-registered LLP; and (4) Urban Tech Pvt. Ltd., an Indian private company. They jointly decided to appoint Mr. Rajeev and Mr. Pradeep as designated partners.

The LLP's registered office is in Jaipur. It was registered on 12-12-2024. Six months later, Brown-Tech Solutions Ltd. discovered the registration and, believing the LLP's name could cause confusion or dilute its brand, filed a complaint before the Registrar.

Contributions under the LLP Agreement: Mr. Rajeev — ₹ 5,00,000 cash; Mr. Pradeep — ₹ 8,00,000 cash; Ms. Jenny — a patented AI algorithm valued at ₹ 11,00,000; Darkhorse LLP — specialised solar equipment valued at ₹ 15,00,000; Urban Tech Pvt. Ltd. — R&D services over 2 years, valued at ₹ 20,00,000.

Mr. Rajeev, without informing his partners, used the LLP's letterhead to contract with Wardha Corporation for solar equipment worth ₹ 20 lakh for his own personal use; when Wardha Corporation sought payment from the LLP, Rajeev admitted the purchase was personal.

Separately, a client sued the LLP for ₹ 15 lakh in damages over a legitimate project (handled by Ms. Jenny and Darkhorse LLP) that went wrong, and demanded payment from Jenny's and Darkhorse LLP's personal assets since LLP assets were said to be insufficient.

Current position: LLP assets ₹ 50 lakh; existing LLP liabilities ₹ 30 lakh; Wardha Corporation's claim ₹ 20 lakh; client's legitimate claim ₹ 15 lakh.

For a new project needing ₹ 15 lakh, Ms. Jenny lent ₹ 5 lakh to the LLP at 5% interest under a formal loan agreement; the LLP simultaneously took a similar loan from Hem Finance Ltd. (an NBFC). On default, Ms. Jenny claimed repayment priority owing to her fiduciary position as a partner; Hem Finance Ltd. disputed this.

In light of the above facts, answer the following Multiple Choice Questions (Each MCQ 2 Marks)::

5. Are Mr. Pradeep and Mr. Rajeev a valid choice as designated partners under the LLP Act, 2008?

   (a) No, since Mr. Pradeep is an NRI he cannot form an LLP or become a designated partner.

   (b) Yes Mr. Rajeev, having stayed in India for more than 120 days in the relevant period, satisfies the "resident in India" test; he, together with Mr. Pradeep (an NRI, who faces no bar on being a designated partner), can be appointed as the LLP's two designated partners.

   (c) No, both designated partners must have resided in India for more than 180 days to qualify.

   (d) Yes, both can become designated partners only because they are citizens of India.

6. Is Brown-Tech Solutions Ltd.'s complaint against the similarly-named Brown Solutions LLP maintainable, and what is the correct procedure?

   (a) Yes, within 15 days of the registration, Brown-Tech Solutions Ltd. must inform the Registrar, who shall then act against Brown Solutions LLP.

   (b) Yes, Brown-Tech Solutions Ltd. (or its trade mark proprietor) may apply to the Central Government under Section 17 of the LLP Act, 2008, and if satisfied that the LLP's name is identical with or too nearly resembles its own, the Central Government may direct Brown Solutions LLP to change its name within 3 months of the direction.

   (c) Yes, since the incorporation application was submitted to the Registrar, the Registrar alone has authority to direct a name change.

   (d) No, Brown-Tech Solutions Ltd. must first send a written notice to Brown Solutions LLP before approaching the Central Government.

7. How should the partners' varied contributions (cash, IP, equipment, services) be recorded for the LLP's books of account?

   (a) Only monetary contributions from Indian partners are recorded; foreign contributions are kept off-record.

   (b) All contributions whether cash, property, services, or other benefits, whether from domestic or foreign, individual or corporate partners must be assigned a monetary value and disclosed in the LLP's accounts in the prescribed manner.

(c) Only tangible assets like cash are disclosed; services and IP are not recognised.

(d) Contributions from corporate/foreign partners are recorded separately in a supplementary register, not the main books.

8. How should Ms. Jenny's position as a lender, alongside Hem Finance Ltd., be evaluated?

(a) Ms. Jenny's claim ranks lower than Hem Finance Ltd.'s due to her fiduciary role as partner.

(b) Ms. Jenny's loan is treated at par with other creditors, as she transacted with the LLP in her personal/commercial capacity under a formal loan agreement.

(c) Ms. Jenny's loan is invalid, since partners cannot lend to their own LLP.

(d) Ms. Jenny may sue the LLP and other partners for breach of trust and recover from their personal assets.

Case Scenario 3

Nikhilesh, a science student at Kingston Higher Secondary School, Trichy, completed Class 12 and left India on 5th August 2024 to pursue a two-year Bio-engineering programme in Germany.

During his studies, he required USD 60,000 per year for tuition and incidental expenses, and anticipated possible additional expenses due to rising living costs or unforeseen circumstances abroad.

He returned to India on 25th December 2025 and established "Sargam Ventures Private Limited" at Trichy. The company needed to import machinery worth USD 250,000 from a German supplier on three months' credit, and some overseas creditors were willing to extend loans to the company.

After installing the machinery, the company began manufacturing and built strong domestic and export demand; some European buyers made advance payments for its products, which the company accepted.

In light of the above facts, answer the following Multiple Choice Questions (Each MCQ 2 Marks):

9. What was Nikhilesh's residential status for FY 2024-25 under the FEMA, 1999?

(a) Person of Indian Origin (PIO)

(b) Resident in India

(c) Non-Resident Indian (NRI)

(d) Overseas Citizen of India (OCI)

10. Having already remitted USD 60,000 during FY 2024-25 for tuition and living costs, what is the maximum additional amount Nikhilesh (while still resident and eligible under LRS) could remit abroad that year under the Liberalised Remittance Scheme for the same purpose?

    (a) USD 190,000

    (b) USD 200,000

    (c) USD 250,000

    (d) USD 300,000

11. Which regulatory framework governs Sargam Ventures Pvt. Ltd.'s import of machinery worth USD 250,000 from Germany on three months' credit?

    (a) No regulation applies, since the company is a start-up.

    (b) Central Government regulations exclusively.

    (c) RBI regulations under FEMA governing trade credit/import payments, since a short-term supplier's credit of this nature for capital goods import falls within RBI's Trade Credit framework under the FEMA, 1999.

    (d) Both RBI and Central Government regulations apply equally in every case.

Independent MCQs

12. Radiant Pharma Limited is a public company. Three of its major shareholders Mr. Kabir, Ms. Leela, and Sunrise Holdings Pvt. Ltd., collectively holding 40% of the company's paid-up equity share capital, decide to offer their entire shareholding for sale to the public through an offer document, in consultation with the company's Board. The offer document is issued by these three shareholders (and not by the company itself), inviting the public to purchase their shares. A shareholder who subscribed to the shares through this offer document later discovers certain material misstatements in it, and wishes to know against whom he can proceed for misrepresentation, since the document was technically not issued by the company but by the selling shareholders. Which of the following best explains the legal position under Section 28 of the Companies Act, 2013?

    (a) No liability can arise, as an offer for sale by shareholders is a private arrangement between the selling shareholders and the purchasing public, entirely outside the scope of the Companies Act, 2013.

    (b) The document, though issued by Mr. Kabir, Ms. Leela, and Sunrise Holdings Pvt. Ltd., shall be deemed to be a prospectus issued by the company, and all provisions of the Act applicable to prospectuses including liability for mis-statements shall apply as if it were a prospectus issued by the company itself.

(c) The offer document is valid only if it is first approved and countersigned by the Registrar of Companies without such approval, the offer for sale is void ab initio and no liability provisions apply.

(d) Since the shares were already issued and merely being resold, Section 28 has no application at all, and the transaction is governed exclusively by the SEBI (ICDR) Regulations, with no recourse under the Companies Act, 2013. **(2 Marks)**

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

(a) Mr. Arun, Mr. Ranveer, Mr. Ramesh Malik, Mr. Navaaz andMs. Lavina

(b) Mr. Arun, Mr. Ramesh Malik, Mr. Navaaz and Ms. Lavina

(c) Mr. Ramesh Malik and Mr. Navaaz

(d) Mr. Arun, Mr. Ranveer, Mr. Ramesh Malik and Mr. Navaaz **(2 Marks)**

14. Which of the following statements is/are correct with respect to the effect of repeal of an enactment under Section 6 of the General Clauses Act, 1897?

Statements:

(I) Where a Central Act repeals any enactment, unless a different intention appears, the repeal shall not revive anything not in force or existing at the time at which the repeal takes effect.

(II) The repeal shall not affect the previous operation of any enactment so repealed, or anything duly done or suffered thereunder.

(III) The repeal shall not affect any right, privilege, obligation or liability acquired, accrued, or incurred under any enactment so repealed.

(IV) Any legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment cannot be continued after repeal, and any fresh proceeding must be instituted only under the repealing Act.

Options:

(a) I, II and III only

(b) I, II, III and IV

(c) II and IV only

(d) I and IV only **(2 Marks)**

15. Ms. Farah is examining a Central Act which received the assent of the President on 10th January 2026, but the Act itself is silent as to the specific date on which it shall come into force. Which of the following statements correctly reflects the legal position under the General Clauses Act, 1897?

Statements:

(I) Where no specific date is mentioned for commencement, the Act shall be construed to have come into operation on the date it received the assent of the President i.e., 10th January 2026.

(II) Commencement", as defined under Section 3(13) of the General Clauses Act, 1897, means the day on which the Act comes into force.

(III) A Central Act shall be construed as coming into operation immediately on the expiration of the day preceding its commencement, unless the contrary is expressed.

(IV) Where an Act is expressed to come into force on a particular day, it shall commence on the expiration of that day, since a "day" for this purpose is reckoned from midnight to midnight.

Options:

(a) I and II only

(b) I, II and III only

(c) I, II, III and IV

(d) II and III only **(2 Marks)**

PART II – Descriptive Questions (70 Marks)

Question No. 1 is compulsory. Attempt any Four questions out of the remaining Five questions.

Wherever necessary, suitable assumptions may be made and disclosed by way of a note. Working notes should form part of the answers.

1. (a) Yellow Limited, a public company, holds 2,00,000 fully paid-up equity shares of Resolution Private Limited, whose paid-up equity share capital is ₹ 50,00,000 divided into 5,00,000 shares of ₹ 10 each (carrying voting rights). Resolution Private Limited's turnover for the year is ₹ 2,00,00,000. Resolution Private Limited filed its financial statements for FY 2025-26 excluding the Cash Flow Statement, and the ROC issued a notice for this omission.

Advise, with reference to the Companies Act, 2013:

(i) Whether Resolution Private Limited is deemed a small company despite Yellow Limited's shareholding;

(ii) Whether Resolution Private Limited has defaulted in filing its financial statements. **(5 Marks)**

(b) (i) Pacific Limited furnishes the following financial particulars:

Particulars	As per Audited Financial Statements as at 31-03-2025	As per Provisional Financial Statements as at 30-09-2025
Net Worth	₹ 100 crore	₹ 100 crore
Turnover	₹ 500 crore	₹ 1,000 crore
Net Profit	₹ 1 crore	₹ 5 crore

Examine, with reference to the provisions of the Companies Act, 2013, whether Pacific Limited is required to constitute a Corporate Social Responsibility (CSR) Committee during the second half of the Financial Year 2025-26. **(3 Marks)**

(ii) Smart Limited declared dividend at its AGM on 31-07-2025. The dividend warrant to Mr. A was posted on 22nd August 2025 but, due to postal delay, was received and encashed only on 5th September 2025. Can Mr. A take action against the company for failing to distribute the dividend within 30 days of declaration? **(2 Marks)**

(c) Mr. Pravesh, an Indian National, wishes to obtain foreign exchange for:

(i) US$ 140,000 for studies abroad, based on an estimate from the foreign university;

(ii) US$ 10,000 towards hiring charges of transponders by TV channels and Internet Service Providers.

Advise him under the FEMA, 1999. **(4 Marks)**

2. (a) Samayak Limited, a public company engaged in the manufacture of paper, has 850 members as on the date of its Annual General Meeting convened on 25-09-2025. The Articles of Association of the company are silent on the requirement of quorum for general meetings.

On the date of the meeting, only 4 members were personally present within half an hour from the appointed time. The Company Secretary informed the Chairman that the meeting could not proceed for want of quorum, and the meeting was accordingly adjourned to the same day in the next week, at the same time and place.

Examine, with reference to the provisions of the Companies Act, 2013, relating to quorum for general meetings:

(i) Whether the Company Secretary was correct in stating that the requisite quorum was not present at the meeting held on 25-09-2025.

(ii) What shall be the quorum for the adjourned meeting, and what would be the position if no quorum is present even at such adjourned meeting?

(5 Marks)

(b) Examine the validity of this statement: "The offer of buy-back of its own shares by a company shall not be made within a period of six months from the date of closure of the preceding offer of buy-back, if any, and the cooling period to make a further issue of the same kind of shares (including allotment of further shares) shall be a period of one year from the completion of buy-back, subject to certain exceptions".

(5 Marks)

(c) Mr. Rachit shifted house without updating his address with the Income Tax Department. A show-cause notice (15 days to reply) was sent by registered post to his old address. The present occupant refused to accept it. The Department later took penal action. Mr. Rachit contends he never received the notice. Advise, with reference to the General Clauses Act, 1897, whether service of the notice was proper. **(4 Marks)**

3. (a) Nirmal Enterprises Limited wants to send the notice of its Annual General Meeting to all its members. The company proposes to send the notice by speed post to the registered address of each member and additionally uploads the notice on its website. One of the members, Mr. Kapoor, who resides abroad and has registered his email address with the company, contends that the notice was not validly served on him since it was not sent to his email address.

Separately, a legal notice addressed to Nirmal Enterprises Limited was delivered by hand at the registered office of the company, but at the time of delivery, the office was found locked and no representative of the company was present to accept it. The sender left the notice affixed to the main door of the registered office.

Examine, with reference to the provisions of the Companies Act, 2013, relating to service of documents:

(i) Whether the company's mode of sending the AGM notice to Mr. Kapoor was valid, and whether his contention holds good.

(ii) Whether the service of the legal notice on Nirmal Enterprises Limited, in the manner described, is valid in law. **(5 Marks)**

(b) The promoters of J Limited contributed an unsecured loan to fulfil the margin-money stipulation of State Industries Development Corporation Ltd. (SIDCL) for a loan sanctioned to J Limited. Examine, under the Companies Act, 2013 and rules thereunder, whether this unsecured loan is a 'deposit'. What is the position once the SIDCL loan is fully repaid? **(5 Marks)**

(c) While drafting statutory definitions, the Legislature sometimes uses the word "means" and at other times the word "includes" and occasionally both together to define a term. These two words are not interchangeable and carry distinct legal consequences in the interpretation of a statute.

Explain the impact of the words "means" and "includes" in a statutory definition, while interpreting such a definition. In your answer, also bring out the effect where a definition clause uses the expression "means and includes" **(4 Marks)**

4. (a) Vibrant Textiles Limited is preparing its Board's Report for the financial year 2022-23. During internal review, the Company Secretary points out that under the Companies Act, 2013, the Board's Report must include a 'Directors' Responsibility Statement', and that this Statement must specifically affirm certain matters relating to the accounting standards followed, the accounting policies adopted, the maintenance of adequate accounting records, and the preparation of annual accounts.

The Managing Director, however, is of the view that the Directors' Responsibility Statement is merely a formal, boilerplate declaration and need not substantively address matters such as internal financial controls or compliance with applicable laws.

Examine, with reference to the provisions of the Companies Act, 2013, whether the Managing Director's view is correct. In this regard, explain the matters that are required to be covered in the Directors' Responsibility Statement forming part of the Board's Report. **(5 Marks)**

(b) Mohan and Rakul, both resident in India, along with Mr. John and Ms. Kate (both non-resident Indians), decide to form an LLP, "Mohan John LLP", with an initial capital contribution of ₹ 1,00,000 each. The LLP is incorporated on 15th October 2025. The LLP proposes to appoint Mr. John and Ms. Kate as its only designated partners and seeks advice from its Company Secretary. Advise the LLP.

(5 Marks)

(c) Explain, as external aids to the interpretation of statutes:

(i) Historical Setting;

(ii) Use of Foreign Decisions **(4 Marks)**

5. (a) "An LLP is an alternative corporate business form that combines the limited liability of a company with the flexibility of a partnership." Explain. **(5 Marks)**

(b) ABC & Associates, Chartered Accountants, were re-appointed as auditors of X Ltd. at its AGM held on 30-09-2024. The Board recommended their removal before expiry of term by a resolution passed on 31-03-2025. At the general meeting held on 25-05-2025, ABC & Associates were removed by special resolution, but without obtaining Central Government approval. Examine the validity of the removal under the Companies Act, 2013. **(5 Marks)**

(c) Mr. Arjun Verma, an Indian citizen, left India on 15-06-2025 to take up employment with a company in Germany. He had been residing in India prior to that. During his stay in Germany, he continued to hold a savings bank account in India and also remitted funds periodically to his aging parents in Mumbai for their medical treatment and household expenses.

In March 2026, Mr. Verma decided to purchase a residential flat in Pune for his parents' use, and remitted USD 2,00,000 from his Germany bank account to India for this purpose. Around the same time, he also wished to invest in the equity shares of an unlisted Indian company through his Non-Resident Ordinary (NRO) account.

Examine, with reference to the provisions of the Foreign Exchange Management Act, 1999:

(i) What is the residential status of Mr. Arjun Verma under FEMA, 1999, for the financial year 2025-26, and from what date does his status change?

(ii) Whether the remittances made by Mr. Verma to his parents for medical treatment and household expenses are permissible, and whether they would be classified as current account or capital account transactions.

(**4 Marks)**

6. (a) Sparsh Innovations Limited was incorporated on 10-08-2024. The company's first financial year, as per its Board resolution, is proposed to close on 31-03-2025. The Board of Directors, being preoccupied with initial business setup activities, has not yet convened the company's first Annual General Meeting even by December 2025, and now wishes to know the latest date by which the first AGM must compulsorily be held.

Separately, the Company Secretary suggests that since the company is newly incorporated and faced genuine operational difficulties in finalizing its accounts, an application may be made to the Registrar of Companies for extension of time for holding the first AGM.

Examine, with reference to the provisions of the Companies Act, 2013:

(i) The time limit within which Sparsh Innovations Limited was required to hold its first Annual General Meeting, and whether the company has already defaulted in this regard as on December 2025.

(ii) Whether the Registrar of Companies has the power to extend the time for holding the company's first AGM, and if so, to what extent. **(5 Marks)**

(b) Galilio Ltd., a company incorporated in Germany, has established a place of business in Mumbai. Explain the relevant provisions of the Companies Act, 2013 and rules made thereunder relating to preparation and filing of financial statements, and the documents to be attached, by such a foreign company.

(5 Marks)

(c) Ms. Prabha, a Bharatanatyam classical dancer, wishes to perform in the USA and requires foreign exchange drawal of US$ 75,000. Explain the relevant provisions of the FEMA, 1999 regarding permission required for such drawal. **(4 Marks)**