

Roll No.

Total No. of Questions – 6

Total No. of Printed Pages – 16



Maximum Marks – 70

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book will be in English only for all candidates, including for Hindi medium candidates.
7. **The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive answer book.**
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit the descriptive answer book with OMR cover page to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the descriptive answer book.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having / using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 Marks

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.

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PART – II

1. (a) Chicago Bricks Inc. is a company incorporated in Chicago, USA in the year 1985 engaged in the manufacture of cement and related products. On 10.04.2022, it commenced manufacture in India through its branch, engaged in the manufacture of fly-ash bricks used in construction of buildings and other infrastructural projects throughout the country. The operations of the branch have been growing in a fast pace.

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The turnover of the branch as on 31.03.2025 since its commencement are :

FY 2022-23	₹ 75 Crore
FY 2023-24	₹ 65 Crore
FY 2024-25	₹ 85 Crore

As per the data available, the branch works based on 20% net-profit margin.

Mr. Ramesh one of the directors of Chicago Bricks Inc. has advised the branch to comply with the requirements of Corporate Social Responsibility (CSR) and to form a CSR Committee as well for monitoring the aforesaid activities for the financial year 2025-26.

The branch is opposing the above view and has submitted that although the CSR provisions are applicable in the present case but there was no requirement to constitute a CSR Committee and the above CSR functions can be discharged by the Board of Directors themselves.

Considering the provisions of the Companies Act, 2013, whether Chicago Bricks Inc. is correct in the view as to non-applicability of formation of the CSR Committee in this case ?

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- (b) Forward Troopers Ltd. is a public limited company engaged in the manufacturing of wearable protective gear and accessories including helmets and shields for supply to the armed forces in the country. It is a subsidiary of Security Troopers Ltd. The financial position of Forward Troopers Ltd. as per the latest audited Balance Sheet is as follows :

Fully paid-up Equity Share-capital	₹ 1145 Crore
Reserve & Surplus (Available for payment of dividend)	₹ 1012 Crore
Loan from GHB Pvt. Ltd. Bank	₹ 120 Crore
Sundry Creditors	₹ 14 Crore

The board of directors of Forward Troopers Ltd. have planned upon the following schemes of financial assistance to facilitate the purchase of its shares by its employees :

- (1) To create an institution in form of a Trust which would be responsible for the purchase of shares of Forward Troopers Ltd. with help of a loan of ₹ 110 Crore by the aforesaid company itself. The trustee therein would purchase the shares worth the above-mentioned amount on behalf of employees in accordance with an employee share scheme.
- (2) To provide loan directly to the employee to the maximum of their 5 months' salary to enable them to buy fully paid shares in Security Troopers Ltd.

Mr. Strong one of the directors has although approved the first scheme but have opposed the second one, claiming that the employees can be granted loan for purchase of Forward Troopers Ltd. but not of its holding company.

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Considering provisions under the Companies Act, 2013 along with the applicable rules/regulations, answer the following :

- (i) The validity of the decision by the Board of directors of Forward Troopers Ltd. to provide a loan worth ₹ 110 Crore to the trust to aid the employees to buy its shares.
 - (ii) The validity of the contention of Mr. Strong on grant of loan for purchase of shares of Security Troopers Ltd.
- (c) Heavy Loaders Ltd. is a public limited company incorporated in India and engaged in the manufacture of loader vehicles used for commercial construction purposes. It is planning to expand its business outside India and hence has come in contact with Mr. Fred, an American citizen working as an agent of companies planning to secure business in USA. Mr. Fred has informed the directors of Heavy Loaders Ltd. that another Indian company engaged in the commercial construction business has a requirement of 25 loader vehicles for its wholly owned American subsidiary company. Heavy Loaders Ltd. supplied the required loader vehicles with an invoice value of USD 350,000 in exchange of allotment of equity capital of the same worth in the American company. Mr. Fred has asked for an export agent commission of 15% of the invoice value of goods supplied from Heavy Loaders Ltd. to which Heavy Loaders Ltd. has refused the payment on grounds that maximum commission that can be paid can be 10% of the invoice value of goods supplied.

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Considering the provisions of the Foreign Exchange Management Act, 1999 decide :

- (i) Whether the above transaction of supplying machines in exchange of equity investments can be treated as "export" keeping in mind the absence of monetary factor in the transaction ?
- (ii) Whether the rate of export agent commission demanded by Mr. Fred be paid or confined to only 10% of the invoice value of goods supplied ?

2. (a) Autumn and Spring Ltd. is a public limited company engaged in the business of manufacturing traditional designer garments for men and women for various festivities and occasions. The company was incorporated in the year 2023 and has a paid-up capital base of ₹ 200.56 Crores and revaluation reserve of ₹ 75.45 Crores for the financial year 2023-24. Members holding share capital worth ₹ 36.52 Crores have jointly applied for calling of an extra-ordinary general meeting for transacting some urgent matters of special business. In this connection a requisition by the above members were validly presented to the board of directors on 01.07.2024. The Directors did not pay heed to the above request till 24.07.2024 hence the requisitionists decided to go ahead with calling the meeting by themselves.

The requisitionists provided a notice signed by only one of them being duly authorized by others, of the said meeting through an email, but did not attach an explanatory statement as required under the act towards the special business to be transacted although reasons for the same were mentioned in the notice itself.

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Sohan Lal, one of the shareholders who became member of the company on 10.07.2024 raised issue regarding the legality of the meeting as its notice was not mailed to him.

Referring to the relevant rules and provisions of the Companies Act, 2013 decide on the following :

- (i) Whether the above requisition by the members was adequate towards calling an extra-ordinary general meeting by the requisitionists themselves ?
 - (ii) Whether signing on the notice by only one of the requisitionists and non-attachment of the explanatory statement as mandated under section 102 of the act have any effect on the validity of the aforesaid notice ? Further whether the contention of Sohan Lal not receiving the notice is correct ?
- (b) Sridha Bookmarks Ltd. a public limited company engaged in the publication of books related to labour and industrial laws is planning to raise ₹ 10 Crore from the public, to fund its upcoming projects.

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Sridha Bookmarks Ltd. has assigned two different merchant bankers namely ZFG & Associates and Bull Investments Ltd. to act as intermediaries for 60% of the above fund and the rest to be directly issued to Mr. Kuber an investment banker who intends to offer the shares for sale (OFS) to the public through inviting bids above the floor price at the stock exchange platform.

ZFG & Associates is a partnership firm and were allotted equity shares worth ₹ 4 Crore on 01.04.2024 to be sold by them to retail investors.

Bull Investments Ltd. a company by incorporation were allotted equity shares of ₹ 2 Crore for the above purpose as well on the same date.

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The offer documents were issued by ZFG & Associates and Bull Investments Ltd. on 10.10.2024 and 25.09.2024 respectively. The offer document in case of Bull Investments Ltd. was signed by only one director of such company. Both the intermediaries have paid off the full consideration to Sridha Bookmarks Ltd. till date of offer to the public.

Mr. Kuber to whom 40% of the balance shares were issued, further offered to the public shares through an offer document. The Board of Directors of Sridha Bookmarks Ltd. have opposed such offer document claiming that the same does not contain the name of the person or persons or entity bearing the cost of making such offer of sale.

In view of provisions of the Companies Act, 2013 :

- (i) Whether the offer for sale made by the intermediaries namely ZFG & Associates and Bull Investments Ltd. is valid at law ?
 - (ii) Whether the objection made by the Board of Directors about defect in the offer document issued by Mr. Kuber sustain ?
- (c) Jumbo Road lines Ltd. is a public limited company engaged in business of inter-state goods transportation. The company owns a fleet of more than ten heavy-duty trucks which have the capacity to transport up-to 1000 tons of goods in one consignment as per the registration. The transportation company received an order to transport 1000 tons of goods particularly plastic parts of automobiles to be loaded from a production facility in Surat, Gujarat and offloaded in an automobile factory in Pune, Maharashtra.

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The driver loaded the heavy-duty truck to its maximum capacity. On its way to Pune, the driver further loaded 100 tons of other goods from a local trader who lured him for some extra payment. The driver on his way with his overloaded truck rammed into a road divider causing damage to the public property.

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The local traffic police charged Jumbo Road lines Ltd. for overloading the truck under the Motor-Vehicles Act, 1988 and filed a suit against the transport company. Further the Highway Authority filed another suit against the company under the Prevention of Damage to Public Property Act, 1984 for damaging the dividers and iron girders installed on the road-sides.

The Jumbo Road lines Ltd. opposed the suits on the plea of double-jeopardy and double punishment for the same act under two different legislations.

Whether the plea given by the road-lines of double-jeopardy be accepted by the court ?

Discuss based on underlying principle and concepts referring the provisions of the General Clauses Act, 1897.

3. (a) Fabulous Fabricators and Mechanics Ltd. is a listed public limited company incorporated in the year 2023 with the object to manufacture and engage in the construction of iron-ore based infrastructure for various industries on a contractual basis. The company is having a paid-up share capital of ₹ 200.30 Crore divided in 865 members holding rights to vote in meeting.

The Annual General Meeting of the company was due to be held on 12.12.2023 at the registered office of the company in Raipur, Chhattisgarh. The Board of directors decided to provide the facility of E-Voting to its members in addition to other modes despite of the disagreement shown by Ms. Riddhi one of the directors who was of the view that in case of the above company, it was not mandatory to provide the facility of E-Voting.

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On the day of the meeting Mr. Mohan, one of the members who had opted for E-Voting, could not exercise his option hence was physically present at the meeting to vote. The Chairman of the meeting did not allow him to physically cast his vote on the pretext that he had opted for E-Voting and now he cannot change his option and thus had to vote through E-Voting despite of being present.

Further a matter regarding appointment of Mr. Keshav as a small shareholders director was also to be discussed in the meeting therein, to which the legal team suggested that the same can only be undertaken by voting through postal ballot and not otherwise.

Referring to the provisions of the Companies Act, 2013 elaborate :

- (i) Whether the contention of Ms. Riddhi was correct as to the provision of E-Voting facility being optional in case of Fabulous Fabricators and Mechanics Ltd. ?
 - (ii) Can the Chairman stop Mr. Mohan to physically vote at the meeting ?
 - (iii) Is the suggestion of the legal team regarding appointment of Mr. Keshav by voting through postal ballot valid at law ?
- (b) Apirock Limited is a public company that has been performing well financially and has accumulated a substantial amount of cash reserves. The company's management has decided to buy-back some of its shares to improve earnings per share (EPS), return on equity (ROE), and enhance shareholder value.

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Below are the financial details of Apirock Limited :

Paid up Share Capital	– ₹ 50 crores
Free Reserves	– ₹ 100 crores
Secured Loans	– ₹ 30 crores
Unsecured Loans	– ₹ 20 crores
Current Market Price of Shares	– ₹ 500 per share
Total Number of Shares Outstanding	– 1 crore

The company's management wants to buy-back 10% of its total shares at the market price of ₹ 500 per share. The company's articles have authorized the same. They have also passed an ordinary resolution, and its board has authorized the buy-back of shares. They plan to use free reserves to fund the buy-back.

- (i) Whether the company can buy-back 10% of its shares as per the provisions of the Companies Act, 2013 under the given circumstances ?
- (ii) What is the maximum eligible amount allowed to be used by Apirock Limited as per Section 68 of the Companies Act, 2013, to buy-back its shares as per the financial data provided ?
- (c) Explain and illustrate the terms 'Non-obstante' and 'Without prejudice'.

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4. (a) Sharp Surgical Ltd. is a public limited listed company engaged in the manufacture of surgical instruments with a nation-wide chain of dealers and retailers to facilitate the trade. It was incorporated in the year 2020. It has a paid-up capital of ₹ 350.10 Crore with free reserves worth ₹ 156.70 Crore with a secured business Term loan of ₹ 56 Crore from GHIL Bank Pvt. Ltd. as at 31.03.2025.

Lamp bell & Associates Chartered Accountants were appointed to conduct Statutory Audit for F.Y. 2024-25 of the aforesaid company. During the audit of accounts Mr. Lamp bell the senior partner of the auditing firm shared the following observations with Mr. Sharp one of the promoter directors of the aforesaid company :

No.	Observation
1.	Out of the above term loan, ₹ 3.15 Crore were suspected to be used for purposes other than business, in providing unsecured loan to private individuals in the company.
2.	Mr. Reet one of the officers in the company was suspected to have siphoned an amount of ₹ 0.15 Crore.

Mr. Lamp bell having reasons to believe for the above frauds, within 2 days of such detection, informed the Audit Committee and asked it for its reply so that the central government can be informed of the suspected fraud of ₹ 3.15 Crore. Further he emphasized to mention the case of suspected siphoning of ₹ 0.15 Crore to the audit committee.

Mr. Sharp requested the auditors not to report any matter to the central government, rather they can mention both above matters in the Director's Report to be prepared under section 134(3) of the Companies Act, 2013. The above request of Mr. Sharp was based on the reasoning that it was only a case of suspected fraud and the same is a matter of investigation on part of the company.

Considering the applicable provisions under the Companies Act, 2013, decide upon the following :

- (i) Whether Lamp bell & Associates Chartered Accountants should restrict the reporting of the above suspected fraud of ₹ 3.15 Crore as requested by Mr. Sharp ? What is the correct procedure to be followed by the auditor in such cases ?
 - (ii) What would be the correct procedure for the suspected siphoning of ₹ 0.15 Crore by the auditor of the company ?
- (b) Harish, Priyam and Priyesh are three advertising professionals specialized in the field of creating short advertisement films for various Fast Moving Consumer Goods (FMCG) companies. They have been engaged in their businesses separately as sole-proprietors, but have now decided to join hands and form a Limited Liability Partnership. On 10.04.2024, the e-Form RUNLLP is filed thereby to reserve the name of the LLP as HPP & Associates LLP which has been approved by the Registrar along with e-Form. The e-form FiLLiP has also been filed containing details of partners and their consent.
- Meanwhile even after incorporation as HPP & Associates LLP on 30.04.2024 the LLP could not finalize the LLP agreement as Harish and Priyam have agreed to contribute ₹ 1.15 Crore to the LLP whereas Priyesh has desired and insisted to monetize his future services for one year to the LLP as his capital contribution, which has been opposed by the other two partners as beyond law. However, a consensus was drawn between the above three and a common consensus LLP agreement was submitted on 20.05.2024.
- The LLP has further planned to induct Srijan Cooperative Society as one of its partners.

Considering the provisions of the Limited Liability Partnership Act, 2008, answer the following :

- (i) Whether the Registrar would accept the LLP agreement so submitted after 20 days of incorporation as in compliance with law ?
- (ii) Whether the opposition of the desire of Priyesh on matter and form of his capital contribution, correct ?
- (iii) Whether Srijan Cooperative Society can be inducted as a partner in the LLP ?
- (c) Explain the maxims 'Contemporanea Expositio est optima et fortissima in lege' and 'Optima legum interpret est consuetudo' as a rule of interpretation. 4

5. (a) Arch-Support Ltd. is a public limited company incorporated in 2018 having its registered office in Nashik, Maharashtra and engaged in the manufacture of sports shoes and related accessories. It has the following breakup of equity and preference share-capital : 5

1,20,000 Equity Shares of ₹ 100 each;

1,50,000 10% Preference Shares of ₹ 10 each.

Ms. Martha, one of the elite members from Jaipur holds in her name equity shares worth ₹ 6,50,000 of the company as on date and also has beneficial interest in equity shares worth ₹ 3,00,000, is concerned about declaration to be made by her as mandated by the Companies (Significant Beneficial Owner) Amendment Rules, 2018(SBO Rules).

She consulted CA Ms. Marina, her friend on the above issue who advised that since she has significant beneficial ownership directly and indirectly in the company, she is required to file the declaration as mandated by the above rules.

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Referring to the provisions of the Companies Act, 2013 and SBO Rules, decide on the following:

- (i) Whether the advice given by CA Ms. Marina, her friend on the above issue is in line with SBO Rules?
- (ii) SBO Rules are applicable in every case. Comment and mention the instances if any, where these rules are not applicable.

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- (a) SMTN Limited is a listed company that operates in the pharmaceutical sector. The company's annual accounts for the year 2023-24 were audited by a prominent audit firm, JJ & Co. Following an investigation by the Ministry of Corporate Affairs (MCA), it was discovered that the audit report issued by JJ & Co. contained several discrepancies, including failure to disclose material information regarding the company's liabilities and misstatements in its revenue recognition practices.

The issue was raised by a group of minority shareholders, who alleged that the audit firm had not complied with auditing standards and had failed to conduct a proper audit. The MCA referred the matter to the National Financial Reporting Authority (NFRA), a body established under Section 132 of the Companies Act, 2013, to investigate whether the audit of SMTN Limited's financial statements was conducted in compliance with accounting and auditing standards.

In the light of provisions of the Companies Act, 2013, explain any 3 functions and duties of NFRA and what actions can the NFRA take against the audit firm, JJ & Co., based on its findings upholding the allegations raised by the group of minority shareholders?

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- (b) Sulagna, Sukanya & Associates LLP was formed on 1st November, 2024 to be engaged in the business of manufacturing affordable range of fashionable accessories for women. Sulagna a fashion designer had appointed Shreesh a qualified Chartered Accountant to maintain and finalize the accounts on a January to December basis thereby preparing the financial statements for first two months ending 31st December, 2024. Shreesh differed from the view and advised her for April to March as the financial year thereby urging upon such account finalization from November 2024 to March 2025 instead. Meanwhile Dilip a Karta of a HUF in which Sukanya is also a member has approached the LLP and offered to be admitted as a partner.

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Considering the provisions of the Limited Liability Partnership Act, 2008, answer the following :

- (i) Whether the advice of Sulagna for maintaining the accounts on January to December basis hold good at law ?
- (ii) Whether the offer given by Dilip to induct the HUF as a partner be considered ?
- (iii) What would be your answer if instead of Dilip, a Charitable Trust had approached to become a partner in the LLP ?

- (c) Explain the provision relating to making of rules or bye-laws after previous publications as laid in the General Clauses Act, 1897 ?

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6. (a) Referring the provisions for acceptance of deposits as laid under the Companies Act, 2013 and the relevant rules, define the term 'deposit' and examine the validity of each of the following proposals :

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- (i) SK Textiles Limited wants to accept deposits of ₹ 1 crore from its members for a tenure which is less than six months.
- (ii) S, one of the directors of ATC Technologies Private Limited, a start-up company, requested K, one of his close friends to lend to the company ₹ 50 lakhs in a single tranche by way of a convertible note repayable within a period of six years from the date of its issue.

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- (b) SDF Ltd. an unlisted company has shared the following financial data for the F.Y. 2024-25 :

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Equity Paid-up capital	₹ 48 Crore
Turnover	₹ 195 Crore
Deposits as on 31.03.2025	₹ 20 Crore
Loans outstanding from IBL Bank Pvt. Ltd. as on 30.09.2024	₹ 100.59 Crore
Loans outstanding from IBL Bank Pvt. Ltd. as on 01.02.2025	₹ 96.50 Crore
Loans outstanding from IBL Bank Pvt. Ltd. as on 31.03.2025 after partial repayment	₹ 75.10 Crore
Net worth	₹ 149.25 Crore

The company has invited your expert advice on the following issues, considering the provisions of the Companies Act, 2013 :

- (i) Whether it would be mandatory to appoint an internal auditor for the company ?
- (ii) Further in case the answer is in affirmative, can G who is a professional but neither a C.A. nor an employee of the concern be appointed as an internal auditor ?
- (c) Enumerate the circumstances and the forms of business as mentioned in the Foreign Exchange Management Act, 1999 in which a person resident outside India is absolutely prohibited from making any investments in India.

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