



PAPER – 2: CORPORATE AND OTHER LAWS

PART – I: AMENDMENTS FOR SEPTEMBER 2026 EXAMINATIONS

The Study Material (July 2024 edition-Reprint August 2025) is applicable for September 2026 examinations. This study material is updated for all amendments till 31st July, 2025.

All relevant amendments/ circulars/ notifications etc. in the Company law part for the period 1st May, 2025 to 28th February 2026 are mentioned below:

THE COMPANIES ACT, 2013

Chapter 1: Preliminary

I. Notification G.S.R 880(E) dated 1st December, 2025

The Central Government has amended the Companies (Specification of definition details) Rules, 2014, through the Companies (Specification of definition details) Amendment Rules, 2025.

Amendment:

In the Companies (Specification of definition details) Rules, 2014:

In **rule 2**, in sub-rule (1), for clause (t), the following clause shall be substituted, namely:-

"(t) For the purposes of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Act, paid up capital and turnover of the small company shall not exceed rupees ten crores and rupees one hundred crores respectively."

Old Law (Pg 1.24)

(85) Small company means a company, other than a public company,—

- (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and
- (ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees:

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act.

As per the Companies (Specification of Definitions Details) Rules, 2014, for the purposes of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Act, paid up capital and turnover of the small company shall not exceed rupees four crore and rupees forty crore respectively.

	Capital- ₹ 4 crore
	Turnover- ₹ 40 crore

Chapter 9: Accounts of Companies**II. Notification G.S.R 357(E) dated 30th May, 2025**

The Central Government has amended the Companies (Accounts) Rules, 2014, through the Companies (Accounts) Second Amendment Rules, 2025.

Amendment:

In the Companies (Accounts) Rules, 2014:

1. In rule 5, for the word, letter and figure "Form AOC-1" the word, letter and figure "e-Form AOC-1" shall be substituted.
2. In rule 8,-
 - (i) in sub-rule (2), for the word, letter and figure "Form AOC-2", the word, letter and figure "e-Form AOC-2" shall be substituted.
 - (ii) in sub-rule (5),-
 - (A) in clause (x), after the words and figures, "Act, 2013", the following shall be inserted, namely:
"along with the following details:
 - (a) number of complaints of sexual harassment received in the year;
 - (b) number of complaints disposed off during the year; and
 - (c) number of cases pending for more than ninety days."
 - (B) after clause (xii), the following clause shall be inserted, namely:
"(xiii) a statement by the company with respect to the compliance of the provisions relating to the Maternity Benefit Act, 1961."
3. In rule 12, after sub-rule (1B), the following sub-rule shall be inserted, namely:

“(1C) Every company, along with the relevant e-Form No. AOC-4, AOC-4 CFS, AOC-4 XBRL, AOC-4 NBFC (Ind AS) or AOC-4 CFS NBFC (Ind AS) and the respective attachments in portable document format as required, shall also file e-Form Extract of Board Report, Extract of Auditor’s Report (Standalone) and Extract of Auditor’s Report (Consolidated), as the case may be:

Provided that a copy of signed financial statements duly authenticated as per section 134 of the Act (including Board’s report, auditors’ report and other documents) in portable document format shall also be attached with XBRL Forms.”

[Enforcement Date: Amendments effective from 14th July, 2025]

Old Law

Pg 9.13 (for Pt 1.)

Salient features of financial statement of Subsidiaries, Associates and JVs- Form [First proviso to Sub-section 3 read with rule 5]

The statement containing the salient feature of the financial statement of a company’s subsidiary or subsidiaries, associate company or companies and joint venture or ventures under the first proviso to sub-section (3) of section 129 shall be in **Form AOC-1** as per Rule 5 of the *Companies (Accounts) Rules, 2014*.

Pg 9.36 [for Pt 2(i)]

Particulars of contracts or arrangements with related parties referred to in section 188 (1) (i.e., Related Party Transactions) in the **form AOC-2**.

Pg 9.36 [for Pt 2(ii)(A)]

The words are newly inserted in clause (x)

Pg 9.36 [for Pt 2(ii)(B)]

Clause (xiii) is newly inserted.

Pg 9.70 [for Pt 3]

Rule 12(1C) is newly inserted.

III. Notification G.S.R 371(E) dated 6th June, 2025

The Central Government has amended the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, through the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2025.

Amendment:

In the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, in rule 3, after sub-rule (1), the following sub-rule shall be inserted, namely:

“(1A) The companies which have filed their financial statements under sub-rule (1), shall also attach a copy of signed financial statements duly authenticated as specified in section 134 of the Act (including Board’s report, auditors’ report and other documents) in PDF format in eForm AOC-4 XBRL.”

[Enforcement Date: Amendments effective from **14th July, 2025]**

Old Law

Pg 9.70

Rule 3(1A) is newly inserted.

Chapter 10: Audit and Auditors**IV. Notification G.S.R 359(E) dated 30th May, 2025**

The Central Government has amended the Companies (Audit and Auditors) Rules, 2014, through the Companies (Audit and Auditors) Amendment Rules, 2025.

In rule 13, in sub-rule (2),-

1. for clause (d), the following shall be substituted, namely:-
“(d) the report shall be filed electronically in form ADT-4.”
2. clauses (e) and (f) shall be omitted.

[Enforcement Date: Amendments effective from **14th July, 2025]**

Old Law**Pg 10.38 [for Pt 1]**

- d. The report shall be sent to the Secretary, Ministry of Corporate Affairs (MCA) in a sealed cover by Registered Post with Acknowledgement Due or by Speed Post followed by an e-mail in confirmation of the same;

Pg 10.38 [for Pt 2]

- e. The report shall be on the letter-head of the auditor containing postal address, e-mail address and contact telephone number or mobile number and be signed by the auditor with his seal and shall indicate his Membership Number; and
- f. The report shall be in the form of a statement as specified in Form ADT-4.

PART – II: QUESTION AND ANSWERS**QUESTIONS****DIVISION A: Multiple Choice Questions****Case Scenario 1**

Indian real estate market has long been a cornerstone of nation's economic growth attracting not only local demand but is also seen as a global investment opportunity; in particular, Non-resident Indians (NRIs) are actively participating in this market, not just as investors but also as a way to stay connected with their motherland.

Keeping the above facts in view, in April 2015, Abhinandan, ably guided by his father Guru Narayan having in-depth experience of about fifty years in the same line of real estate, along with his wife Sumati and daughter Shipra, incorporated a real estate development company by the name Robust Builders & Developers Limited with Registered office situated in Gurugram and obtained RERA Registration from Haryana Government. The Authorised and

Paid-up Capital of the company was ₹ 20,00,00,000 divided into 20,00,000 equity shares of ₹ 100 each.

While Guru Narayan acted as mentor, Abhinandan was at the helm as the Chairman and Managing Director (CMD). Sumati and Shipra were whole-time directors looking after Accounts and Human Resources departments. In addition, Aniruddha (holding development portfolio as Director), Charu Vikram (Director – Sales and Marketing) and Neelkanth (Director – Property Management) played an equally important role in the growth of Robust Builders & Developers Limited. There were two independent, namely, Vaishali and Vishesh. Slowly and gradually, with their sustained efforts, the company covered enormous ground thereby establishing its place as a leading real estate developer in India. Its expanding portfolio consisted of over 80 lakh square feet of prime property carefully crafted across more than thirty exclusive projects that have served close to 26,000 satisfied customers belonging to every stratum of society till date.

Earlier in May 2025, the Board of Directors of Robust Builders & Developers Limited decided to repay the remaining outstanding amount of ₹ 5,50,000 (including interest) to Sarvpriya Commercial Bank Ltd. and to get released a plot of land situated in Hissar on which a charge was created by the company in favour of the bank on 1st May, 2019, in order to raise a term loan of ₹ 50 lakh. Rosalia, Company Secretary, ensured that the entries relating to the Charge were made in the Register of Charges which was maintained at the Registered Office. (It is informed that the charge was duly registered with the jurisdictional Registrar of Companies (ROC) on 16th May, 2019, by filing Form No. CHG-1 along with other requisite documents.) As decided, the full and final repayment of term loan was made on 15th May, 2025, and immediately thereafter, Rosalia filed Form No. CHG-4, which was duly signed by the holder of charge *i.e.* Sarvpriya Commercial Bank Ltd., with the jurisdictional ROC for satisfaction of charge. In due course of time, the company received from the ROC a Certificate of Registration of Satisfaction of Charge in Form CHG-5 which was dated 26th June, 2025 confirming that the charge had been duly removed from the company's record.

To continue with the expansion plans and to make available funds for this purpose, the directors were contemplating upon issuing 8% Debentures worth ₹ 2,00,00,000 (2,00,000 8% Debentures of ₹ 100 each). Being an important matter, Rosalia was directed to convene an Extra-ordinary General Meeting

(EGM) on 27th June, 2025, at 11:00 AM at the Registered Office of the company. As on the date of EGM, the company had 640 members. In addition to three proxies, the requisite number of members were present to constitute quorum. The resolution was duly passed paving way for issue of 8% Debentures.

Meanwhile, HR Manager Abheek had noticed marginal increase in 'employee turnover' in the past three years. To nip the bud, after due formalities, he suggested the company to develop a policy of demanding a non-interest-bearing security deposit, not exceeding employees' annual salary, from the prospective employees at the executive level under the contract of employment, which was duly accepted and implemented.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following Multiple Choice Questions based upon the provisions of the Companies Act, 2013:

1. Robust Builders & Developers Limited created a charge on its Hissar land on 1st May, 2019 and filed Form CHG-1 on 16th May, 2019. Which of the following is correct?
 - (a) The charge was registered within the prescribed time limit of 30 days, hence no penalty arises.
 - (b) The company was required to register the charge within 7 days and therefore defaulted.
 - (c) Since registration happened 15 days after creation, it falls outside the prescribed time limit, and the charge is void against the company.
 - (d) Registration of charge is optional where the amount secured is less than ₹ 1 crore.
2. The company repaid the loan on 15th May, 2025 and Rosalia immediately filed Form CHG-4. Which of the following is correct regarding satisfaction of charge?
 - (a) The company is required to intimate ROC of satisfaction of charge within 30 days from the date of satisfaction.

- (b) Satisfaction of charge need not be reported if the loan is less than ₹ 1 crore.
 - (c) Only the bank, as holder of charge, can file Form CHG-4.
 - (d) Satisfaction of charge can be reported at any time before winding up.
3. According to the Case Scenario, Rosalia, filed Form No. CHG-1 along with other requisite documents and the charge was duly registered by the jurisdictional Registrar of Companies on 16th May, 2019. After the term loan was repaid, ROC issued a Certificate relating to Registration of Satisfaction of Charge in Form CHG-5 dated 26th June, 2025. Keeping in view the relevant provisions, for how long is the 'instrument' by which the charge was created required to be preserved?
- (a) It is not required to be preserved once the Certificate in Form CHG- 5 has been issued on 26th June, 2025.
 - (b) It must be preserved for eight years from the date of issue of the Certificate in form CHG- 5 (i.e. 8 years from 26th June, 2025).
 - (c) It must be preserved permanently, in the same manner as the Register of Charges.
 - (d) It must be preserved for eight years from 15th May, 2025 i.e. the date on which company made full and final repayment of the loan.
4. Robust Builders & Developers Limited implemented a policy requiring executive-level employees to furnish a non interest bearing security deposit, not exceeding their annual salary, under the contract of employment. Which of the following is correct?
- (a) Such deposits are treated as deposits accepted by the company under Chapter V and must comply with the deposit rules.
 - (b) Such deposits are exempted from the definition of "deposits" since they are non- interest bearing, received from employees and do not exceed their annual salary under the contract of employment.
 - (c) Employee security deposits are prohibited under all circumstances.
 - (d) Such deposits require prior approval of ROC.

5. The quorum for the EGM of Robust Builders & Developers Limited was constituted by members (excluding proxies). Given that the company is a public company, what is the minimum quorum required?
- (a) 2 members personally present
 - (b) 5 members personally present
 - (c) 15 members personally present
 - (d) 30 members personally present
6. Assume that on 27th June, 2025 (date of EGM), fewer members than required for quorum were present at the scheduled time of 11:00 AM. Under the Companies Act, 2013, what is the correct legal position?
- (a) The meeting stands cancelled permanently and must be re-convened by fresh notice.
 - (b) The meeting shall stand adjourned to the same day next week, at the same time and place; and if quorum is still not present within half-an-hour from the time appointed for that meeting, the members actually present shall constitute quorum.
 - (c) The Chairman and Managing Director can single-handedly conduct the meeting.
 - (d) The proxies present can constitute themselves as the quorum.

Case Scenario 2

Apex Green Energy LLP, engaged in the business of manufacturing solar-powered equipment, has been facing severe liquidity constraints due to a decline in demand and delays in recovery of receivables. As on 31st March 2026, the LLP owes ₹ 8 crore to its creditors and has accumulated losses, leading to disputes among certain partners regarding future capital commitments.

To revive the business, the designated partners proposed a compromise and arrangement under the Limited Liability Partnership Act, 2008 ("LLP Act"). Accordingly, one of the major creditors filed an application before the Tribunal under section 60 of the LLP Act, seeking an order for meetings of creditors and partners to consider a restructuring plan under which creditors

would accept 80% of their outstanding dues in full settlement, and partners would agree to defer their profit-sharing entitlements for the next two years.

After considering the application, the Tribunal ordered separate meetings of creditors and partners. At the creditors' meeting, creditors holding 78% in value of the debt represented at the meeting voted to approve the scheme. At the partners' meeting, partners holding 74% in value of the capital contribution represented at the meeting voted to approve the proposal.

During the proceedings, it was discovered that the LLP had failed to disclose to the Tribunal that an investigation by a regulatory authority concerning certain financial transactions was pending against it, although its latest financial position had been disclosed.

Subsequently, the LLP rectified the omission by filing a fresh affidavit disclosing all material facts, including the pending investigation. The partners' meeting was reconvened, and partners holding 76% in value of the capital contribution represented at the meeting voted to approve the proposal; the creditors' earlier approval of 78% in value continued to hold good. On this basis, the Tribunal sanctioned the compromise and arrangement on 1st August 2026.

The LLP, however, failed to file the Tribunal's order with the Registrar until 20th September 2026. During the pendency of the application before the Tribunal, one supplier had attempted to continue a recovery suit against Apex Green Energy LLP despite the restructuring proceedings being underway.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following Multiple Choice Questions based upon the provisions of the Limited Liability Partnership Act, 2008:

7. Considering the voting results at the first meetings, what would be the legal position of the proposed compromise and arrangement?
 - (a) It would automatically become binding without Tribunal sanction.
 - (b) It would be approved because both creditors and partners have approved it by a simple majority.
 - (c) It would fail because creditors did not approve it by 80% in value.

- (d) It would fail because partners representing only 74% in value approved the scheme.
8. Can the Tribunal sanction the scheme when the LLP failed to disclose the pending investigation proceedings, although it disclosed its latest financial position?
- (a) Yes, because disclosure of financial statements alone is sufficient.
 - (b) No, unless all material facts, including pending investigations, are disclosed to the Tribunal.
 - (c) Yes, if creditors have approved the scheme by more than 75%.
 - (d) No, because compromise and arrangement is not permitted where investigations are pending.
9. The Tribunal sanctioned the scheme on 1st August 2026, but the LLP filed the order with the Registrar only on 20th September 2026. What was the last date by which the order should have been filed with the Registrar?
- (a) 1st September 2026.
 - (b) 30th August 2026.
 - (c) 31st August 2026.
 - (d) 20th September 2026.
10. What power does the Tribunal possess regarding the supplier's recovery suit during the pendency of the compromise proceedings?
- (a) The Tribunal may stay the commencement or continuation of any suit or proceeding against the LLP until disposal of the application.
 - (b) The Tribunal has no power to interfere with civil proceedings.
 - (c) The Tribunal may permanently dismiss all suits against the LLP.
 - (d) The Tribunal may transfer the suit to arbitration.

Descriptive Questions

11. The following securities are issued by different companies:-

Company	Securities Issued
Preshth Ltd.	Listed non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013.
Module Ltd.	Listed non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
Perfect (P) Ltd.	Listed non-convertible debt securities issued on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

It is also informed that equity shares issued by the Preshth Ltd. and Module Ltd. are not listed in any of the recognized stock exchanges.

In the context of aforesaid facts, analyse, whether the companies mentioned in the table can be considered as listed company(ies)?

12. White Ltd. is an unlisted public company, having five directors in its board which includes two independent directors.

Black (P) Ltd., is subsidiary company of White Ltd., actively carrying on its business, having paid up capital of ₹ 3 crore with 30 members and turnover of ₹ 50 crore, respectively and the said company is not a start-up company.

In the context of aforesaid case-scenario, please answer to the following question(s):-

Whether Black (P) Ltd. is mandatorily required to prepare cash flow statement for the financial year as a part of its financial statements?

Provide your answer by analyzing Black (P) Ltd. into following category of companies:-

- (i) One person company, (ii) Small company and (iii) Private company, respectively.
13. The dividend amounts received or receivable on equity shares held by Mr. Sharma for the financial year 2024-25 was as follows:

Name of the Company	Dividend Declaration Date	Dividend Amount (₹)	Remarks
Purple Limited	25.08.2025	800	Dividend was paid on 23.10.2025.
Brown Nidhi Limited	04.09.2025	100	Dividend was not paid within the stipulated time period.

Decide as per the provisions of the Companies Act, 2013, what could be the punishment to the company(ies) aforesaid in the table, with respect to delayed payment of dividend amount(s).

14. Mitrah Services Private Limited received a sum of ₹ 7,50,000 from Ms. Kavita, who is the sister of one of the Directors of the company. At the time of providing the amount, Ms. Kavita submitted a declaration stating that the funds had been received by her as a gift from her grandfather and were not borrowed or accepted from any other person.
- Decide, with reference to the relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, whether the amount of ₹ 7,50,000 received by Mitrah Services Private Limited will be treated as a deposit.
15. The Articles of Association of Blue Limited provided that documents upon the company may be served only through email. Mr. Karan sent document to the company by registered post. The company did not accept the document on the ground that sending documents to the company by post was in violation of the Articles. As a result, Mr. Karan suffered loss. Decide the validity of arguments of the company and claim of Mr. Karan for damages in the light of provisions of the Companies, Act, 2013.

16. (i) Yellow Banana Limited, an unlisted company furnishes the following data :
- (a) Paid-up share capital as on 31st March, 2025 ₹ 45 Crore.
 - (b) Turnover for the year ended 31st March, 2025 ₹ 175 Crore
 - (c) Outstanding loan from bank as on 3rd March, 2025 ₹ 105 crore (₹ 110 Crore loan obtained from bank) and the outstanding balance as on 31st March, 2025 ₹ 90 crore after repayment.

Whether as per provision of the Companies Act, 2013 the company is required to appoint Internal Auditor during the year 2025-2026?

- (ii) State the provisions of the Companies Act, 2013 relating to appointment of First Auditor of a Government Company.

The Limited Liability Partnership Act, 2008

17. Mira and Raman are college friends and intend to do trading in musical instruments. They have met Mr. Aka and Ms. Pihu who are non-resident Indians and they all have decided to form a Limited Liability Partnership (LLP) under the name and style of Mira Aka LLP, with an initial capital contribution of ₹ 1,00,000 each. It is further informed that Mr. Aka has stayed in India for 135 days and Ms. Pihu stayed in India for 110 days during the financial year 2023-24. The LLP was incorporated on 15th October, 2024. The LLP intends to appoint Mr. Aka and Ms. Pihu as designated partners and consults its CA regarding the same. You as the CA advise the LLP on the appointment of Mr. Aka and Ms. Pihu as the only designated partners of the LLP.

The General Clauses Act, 1897

18. The Community Development Incentives Act, 2010 provides certain tax benefits to organizations engaged in charitable and social welfare activities. Section 3(12)(b) of the Act states that an organization shall be eligible for such benefits if it is registered under section 40 of the Social Organizations Act, 1980.

In 2024, the Social Organizations Act, 1980 was repealed and replaced by the Social Organizations Act, 2024. The provisions relating to registration of charitable organizations were kept same under section 52

of the new Act. However, no corresponding amendment was made in section 3(12)(b) of the Community Development Incentives Act, 2010, which continued to refer to section 40 of the repealed Act.

Sunrise Welfare Foundation obtained registration under section 52 of the Social Organizations Act, 2024 and claimed tax benefits under the Community Development Incentives Act, 2010. The tax authorities denied the claim on the ground that the Foundation was not registered under section 40 of the Social Organizations Act, 1980.

With reference to the provisions of the General Clauses Act, 1897, examine whether the Sunrise Welfare Foundation is entitled to the tax benefits.

Interpretation of Statutes

19. Prior to 2024, the State Environmental Protection Act imposed penalties only on factories that directly discharged untreated waste into rivers. Over time, several industries began outsourcing waste disposal activities to third-party contractors. Although these industries were the ultimate source of the waste, they escaped liability because they were not the direct polluters under the existing law.

To address this issue, the legislature amended the Act by inserting the following provision:

"Any person who causes or contributes to the pollution of a river, whether directly or indirectly, shall be liable for the prescribed penalty."

Subsequently, Green Earth Ltd. engaged an independent contractor for waste disposal. The contractor illegally discharged hazardous waste into a river. Green Earth Ltd. contended that since it did not directly release the waste, the amended provision should not apply to it.

In the light of the principles laid down in Heydon's Case, discuss how the court should interpret the provision. Would Green Earth Ltd. be liable?

The Foreign Exchange Management Act, 1999

20. Ms. Rashida Qureshi is an Indian national. The following events occurred in sequence:

- 5th April, 2025: Ms. Rashida departed India to take up full-time employment with a luxury fashion house in Milan, Italy.
- September 2025: Ms. Rashida returned to India briefly (12 days) to attend her sister's wedding and thereafter re-joined her employment in Milan.

What is Ms. Rashida's residential status under the provisions of the Foreign Exchange Management Act, 1999, from 5th April, 2025 onwards, during the period of her employment in Milan? Does her 12 day visit to India for the wedding in September 2025 affect this status?


SUGGESTED ANSWERS
Multiple Choice Questions

MCQ No.	Most Appropriate Answer
1.	(A) The charge was registered within the prescribed time limit of 30 days, hence no penalty arises.
2.	(A) The company is required to intimate ROC of satisfaction of charge within 30 days from the date of satisfaction.
3.	(D) It must be preserved for eight years from 15 th May, 2025 i.e. the date on which company made full and final repayment of the loan.
4.	(B) Such deposits are exempted from the definition of "deposits" since they are non- interest bearing, received from employees and do not exceed their annual salary under the contract of employment.

5.	(B) 5 members personally present
6.	(B) The meeting shall stand adjourned to the same day next week, at the same time and place; and if quorum is still not present within half-an-hour from the time appointed for that meeting, the members actually present shall constitute quorum.
7.	(D) It would fail because partners representing only 74% in value approved the scheme.
8.	(B) No, unless all material facts, including pending investigations, are disclosed to the Tribunal.
9.	(C) 31 st August 2026
10.	(A) The Tribunal may stay the commencement or continuation of any suit or proceeding against the LLP until disposal of the application.

Descriptive Questions

- 11.** According to section 2(52) of the Companies Act, 2013, listed company means a company which has any of its securities listed on any recognised stock exchange;

Provided that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the Securities and Exchange Board, shall not be considered as listed companies.

According to rule 2A of the Companies (Specification of definitions details) Rules, 2014, the following classes of companies shall not be considered as listed companies, namely:-

- (a) Public companies which have not listed their equity shares on a recognized stock exchange but have listed their –

- (i) non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
 - (ii) non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or
 - (iii) both categories of (i) and (ii) above.
- (b) Private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a jurisdiction as specified in sub-section (3) of section 23 of the Act.

In view of the facts of the question and the provisions of the Act,

Company Name	Analysis and Conclusion
Preshth Ltd.	Equity shares issued by the company are not listed. However, the company has issued listed non-convertible redeemable preference shares issued on private placement basis in terms of relevant SEBI Regulations, which falls in the exceptions to the listed company, and accordingly, Preshth Ltd. shall not be considered as a listed company.
Module Ltd.	Equity shares issued by the company are not listed. However, the company has issued listed non-convertible debt securities issued on private placement basis in terms of relevant SEBI Regulations which falls in the exceptions to the listed company, and accordingly, Module Ltd. shall not be considered as a listed company.

Perfect (P) Ltd.	The company has issued listed non-convertible debt securities issued on private placement basis on a recognised Stock Exchange in terms of relevant SEBI Regulations which falls in the exceptions to the listed company and accordingly, Perfect (P) Ltd. shall not be considered as a listed company.
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12. According to section 2(40) of the Companies Act, 2013,

Financial statement in relation to a company, includes:

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement.

To determine the applicability of preparation cash flow statement in case of Black (P) Ltd., it is required first to be analyzed that Black (P) Ltd. does not fall in any of the categories of companies mentioned under proviso to section 2(40) of the Companies Act, 2013:

- (i) One person company– It is given that the company is having 30 members, so it is not a one person company.
- (ii) Small company– As per section 2(85), small company means a company, other than a public company, having paid up capital not exceeding ₹ 10 crore and turnover not exceeding ₹ 100 crore. Further, a company which is a subsidiary company cannot be categorized as a small company [as per proviso to section 2(85)]. Thus, even though the paid up capital and turnover of the company are within the prescribed limits (to be categorized as

small company), it cannot be considered as small company, as Black (P) Ltd. is a subsidiary company of White Ltd.

- (iii) Private company (which is a start-up)– It is given that Black (P) Ltd. is not a start-up company and also, as per proviso to section 2(71) of the Act, a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.

Black (P) Ltd. is structured as a private company, but section 2(40) exemption only reaches a private company that is also a start-up, and the facts expressly say it is not a start-up.

So, Black (P) Ltd. shall be deemed to be a public company as it is subsidiary of White Ltd., an unlisted public company and so it will not fall into this category of exemption as well.

Thus, it can be concluded that Black (P) Ltd. is mandatorily required to prepare cash flow statement for the financial year as a part of its financial statements as it does not fall in any of the categories of companies mentioned under proviso to section 2(40) of the Companies Act, 2013.

13. According to section 127 of the Companies Act, 2013,

In case a company fails to pay declared dividends or fails to post dividend warrants within 30 days of declaration, then the company shall be liable to pay simple interest at the rate of 18% p.a. during the period for which such default continues.

Further, in terms of Notification No. GSR 465 (E), dated 05-06-2015, section 127 dealing with punishment shall apply to the Nidhis, subject to the following modification:

In case the dividend payable to a member is ₹ 100 or less, it shall be sufficient compliance of the provisions of section 127, if the declaration of the dividend is announced in the local language in one local newspaper of wide circulation and announcement of the said declaration is also displayed on the notice board of the Nidhi company for at least 3 months.

- (i) In case of Purple Limited

Dividend was declared on 25th August, 2025 but was paid on 23rd October, 2025 to Mr. Sharma (shareholder).

The dividend declared should have been paid or dividend warrants should have been posted, to each of its shareholder, within 30 days of dividend declaration i.e. by 24th September, 2025.

Accordingly, the interest payable by Purple Limited would be calculated as follows:

Dividend Amount (₹)	Dividend Declaration Date	Interest @ 18% to be calculated from 25.09.2025 to 23.10.2025	Interest (₹)
800	25.08.2025	$800 \times 18\% \times 29/365$	11

- (ii) In case of Brown Nidhi Limited

Here, Brown Nidhi Limited is a Nidhi company and the dividend payable to Mr. Sharma was ₹ 100.

So, in such a case, it would have been sufficient compliance of the provisions of section 127, if the dividend declared was announced by the company in local language in one local newspaper of wide circulation and announcement of the said declaration was also displayed on the notice board of the company for at least 3 months i.e. till 4th December, 2025 (3 months from 4th September, 2025).

Accordingly, if the aforesaid compliances have been made by Brown Nidhi Limited then no punishment could be imposed upon it, otherwise, it would be liable to pay interest for default.

- 14. Deposit:** According to section 2(31) of the Companies Act, 2013, the term 'deposit' includes any receipt of money by way of deposit or loan or in any other form, by a company, but does not include such categories of amount as may be prescribed in consultation with the Reserve Bank of India.

As per Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, the following amount shall not be considered as deposits- Any amount received from a person who, at the time of the receipt of the amount, was a director of the company or a relative of the director of the private company.

However, the director of the company or relative of the director of the private company, as the case may be, from whom money is received, is required to furnish to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and the company shall disclose the details of money so accepted in the Board's report.

In the given question, ₹ 7,50,000 is received by Mitrah Services Private Limited (a private company) from one of the relatives of a Director. Thus, when the relative furnishes a declaration that the said amount was received by her from her grandfather as a gift, then it will not be considered as deposit in terms of sub-clause (viii) of Rule 2(1)(c).

As an additional requirement, the company shall disclose the details of money so accepted in the Board's report. Further, according to Rule 16(A)(2), it shall also disclose in its financial statement, by way of notes, about the money received from the directors, or relatives of directors.

Thus, the ₹ 7,50,000 received by Mitrah Services Private Limited from Ms. Kavita does not constitute a deposit under section 2(31) read with Rule 2(1)(c)(viii), subject to the company complying with the Board's report and financial statement disclosure requirement.

15. Section 20 of the Companies Act, 2013, provides the mode in which documents may be served on the company, on the members and also on the Registrars.

Serving of document to company: A document may be served on a company or an officer thereof by sending it to the company or the

officer at the registered office of the company by registered post, speed post, courier service, leaving it at its registered office, or means of such electronic or other mode as may be prescribed.

However, where securities are held with a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic or other mode.

In the given instance, even though the Articles of Blue Limited has specifically provided that documents may be served upon the company only through email; this is invalid on the ground that the provisions of the Articles cannot be inconsistent with the provisions of the Companies Act, 2013. Therefore, the argument of the company is not valid. The company was bound to accept the document sent by Mr. Karan by registered post. Since, the company did not accept the documents, Mr. Karan may seek appropriate legal remedies and may claim damages if he suffered loss due to company's wrongful refusal.

16. (i) According to the Companies (Accounts) Rules, 2014, every unlisted public company having-
- (A) paid up share capital of 50 crore rupees or more during the preceding financial year; or
 - (B) turnover of 200 crore rupees or more during the preceding financial year; or
 - (C) outstanding loans or borrowings from banks or public financial institutions exceeding 100 crore rupees or more at any point of time during the preceding financial year; or
 - (D) outstanding deposits of 25 crore rupees or more at any point of time during the preceding financial year;

shall be required to appoint an internal auditor which may be either an individual or a partnership firm or a body corporate.

In the given question, Yellow Banana Limited has outstanding loan from bank exceeding 100 crore rupees i.e., ₹ 105 crore on

3rd March, 2025 during the preceding financial year 2024-25. Hence, it is required to appoint Internal Auditor during the year 2025-26.

- (ii) According to section 139(7) of the Companies Act, 2013:
- (1) In the case of a Government company or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government, or Governments, or partly by the Central Government and partly by one or more State Governments, the first auditor shall be appointed by the Comptroller and Auditor General of India (CAG) within 60 days from the date of registration of the company.
 - (2) In case the CAG does not appoint first auditor within the said period, the Board of Directors of the company shall appoint such auditor within the next 30 days.
 - (3) Further, in the case of failure of the Board to appoint such auditor within the next 30 days, it shall inform the members of the company who shall appoint such auditor within 60 days at an Extra Ordinary General Meeting, who shall hold office till the conclusion of the first annual general meeting.

- 17.** As per the provisions of the Limited Liability Partnership Act, 2008, every limited liability partnership must have at least two designated partners, and at least one of them must be a resident in India.

Here, 'resident in India' means a person who has stayed in India for a period of not less than 120 days during the financial year.

In the given case, Mira, Raman, Mr. Aka and Ms. Pihu have formed Mira Aka LLP. The LLP proposes to appoint only Mr. Aka and Ms. Pihu, as designated partners.

In the given case:

Mr. Aka is a non-resident Indian but has stayed in India for 135 days during the financial year 2023-24. Therefore, he satisfies the condition of

being a resident in India under the Limited Liability Partnership Act, 2008 (LLP Act). Hence, he is eligible to be appointed as a designated partner, who is resident in India.

Ms. Pihu, although also a non-resident Indian, has stayed in India for 110 days during the financial year 2023-24. Hence, she does not qualify as a resident in India under the LLP Act. However, she is eligible to be appointed as a designated partner.

Since, the LLP was incorporated on 15th October, 2024, it is required to have at least two designated partners, with at least one resident in India., which is being fulfilled by Mr. Aka. Further, Ms. Pihu can also be appointed as the second designated partner. Thereby satisfying the statutory requirements that every LLP must have two designated partners and at least one designated partner must be a resident in India.

Hence, the appointment of Mr. Aka and Ms. Pihu as the only designated partners of LLP is legally valid.

- 18.** According to section 8 of the General Clauses Act, 1897, where this Act or Central Act or Regulation made after the commencement of this Act, repeals and re-enacts, with or without modification, any provision of a former enactment, then references in any other enactment or in any instrument to the provision so repealed shall, unless a different intention appears, be construed as references to the provision so re-enacted.

Also, in *Gauri Shankar Gaur v. State of U.P.*, AIR 1994 SC 169, it was held that every Act has its own distinction. If a later Act merely makes a reference to a former Act or existing law, it is only by reference and all amendments, repeals new law subsequently made will have effect unless its operation is saved by the relevant provision of the section of the Act.

In the present case, the Social Organizations Act, 1980 has been repealed and replaced by the Social Organizations Act, 2024, and the registration provision formerly contained in section 40 has been kept same in section 52. Although section 3(12)(b) of the Community Development Incentives Act, 2010 still refers to section 40 of the

repealed Act, such reference must, by virtue of section 8 of the General Clauses Act, be construed as a reference to section 52 of the new Act.

Therefore, Sunrise Welfare Foundation's registration under section 52 of the Social Organizations Act, 2024 will be treated as satisfying the requirement of section 3(12)(b) of the Community Development Incentives Act, 2010. Accordingly, the Foundation is entitled to claim the tax benefits available under the Act.

- 19.** Where the language used in a statute is capable of more than one interpretation, the most firmly established rule for construction is the principle laid down in *Heydon's case*.

The intention of this rule is always to make such construction as shall suppress the mischief and advance the remedy according to the true intention of the legislation. So, the courts shall make such construction as will suppress the mischief and advance the remedy and suppress the subtle inventions and evasions for the continuance of the mischief.

It is to be noted that while applying Heydon's case courts will be bound to look at the state of the law at the time of the passing of the enactment and not only as it then stood, but under previous Statutes too. Also, this rule can be applied only if there is any ambiguity in the present law.

In the given question, the court would adopt an interpretation that suppresses the mischief and advances the remedy. Therefore, Green Earth Ltd. cannot avoid liability merely because the pollution was caused through an independent contractor. Since the amendment was enacted to prevent such evasions, Green Earth Ltd. would be held liable. Further, in the given situation, the Mischief Rule could be invoked because the provision is capable of more than one interpretation, had the language were clear and unambiguous, there would be no need to resort to this rule.

- 20.** Ms. Rashida departed India on 5th April, 2025, specifically to take up employment with a luxury fashion house in Milan. As per section 2(v) of the Foreign Exchange Management Act, 1999 (FEMA, 1999), a person who has gone out of India or who stays outside India for the purpose of taking up employment outside India ceases to be a 'Person Resident in India' from the date of departure irrespective of the number of days spent in India during the preceding financial year.

Accordingly, Ms. Rashida became a 'Person Resident Outside India' with effect from 5th April, 2025.

Her 12 day return in September 2025 for her sister's wedding does not alter this status. A temporary return for a purely personal purpose, without any change in the intention or purpose of residence, does not trigger change of residential status under FEMA. The determinative factor is the purpose and permanence of stay, not the mere physical presence in India for a brief period.

Ms. Rashida's residential status under section 2(v) of the FEMA, 1999, throughout the period from 5th April, 2025 onwards (including her 12 day visit to India in September 2025) is "Person Resident Outside India".