



PAPER – 2: CORPORATE AND OTHER LAWS

PART – I: AMENDMENTS FOR JANUARY 2027 EXAMINATIONS

The Study Material (July 2024 edition-Reprint August 2025 and onwards) is applicable for January 2027 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 30th June 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.

IV. Notification G.S.R 415(E) dated 27th May, 2026

The Central Government has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014, through the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026.

Amendment:

In the Companies (Corporate Social Responsibility Policy) Rules, 2014:

1. In rule 2, in the sub-rule (1), -
 - (i) after clause (h), the following clause shall be inserted, namely:

“(ha) ‘Not for Profit Organization’ has the same meaning as in clause (e) of regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.”
 - (ii) after clause (k), the following clause shall be inserted, namely:

“(l) ‘zero coupon zero principal instrument’ means an instrument declared as a security that is issued by a Not for Profit Organization registered with the Social Stock Exchange

segment of a recognised Stock Exchange in accordance with the regulations made by the Securities and Exchange Board of India."

2. After rule 4, the following rule shall be inserted, namely:

"4A Corporate Social Responsibility implementation through zero coupon zero principal instrument.

- (1) A company may carry out Corporate Social Responsibility activities through a zero coupon zero principal instrument:

Provided that the expenditure incurred for such instrument shall not exceed ten percent of the total Corporate Social Responsibility expenditure of such company for that financial year.

- (2) The company that has subscribed in a zero coupon zero principal instrument shall be exempted from undertaking impact assessment of any project funded by such an instrument.

- (3) The Not for Profit Organisation issuing the zero coupon zero principal instrument and raising fund therefrom shall:

- (a) undertake a project with a duration not more than three succeeding financial years from the issue of such zero coupon zero principal instrument; and
- (b) on termination of listing of such zero coupon zero principal instrument, transfer the unspent amount to any fund included in Schedule VII to the Act and submit its compliance report to the Securities Exchange Board of India.

- (4) The provisions of rule 4, except sub-rules (5) and (6) shall be applicable to the implementation of Corporate Social Responsibility through a zero coupon zero principal instrument."

Old Law

Pg 9.57 [for Pt 1(i)]

Rule 2(1)(ha) is newly inserted.

Pg 9.57 [for Pt 1(ii)]

Rule 2(1)(l) is newly inserted.

Pg 9.57 [for Pt 2]

Rule 4A is newly inserted.

V. Notification G.S.R 416(E) dated 27th May, 2026

The Central Government has amended the Schedule VII of the Companies Act, 2013.

Amendment:

In the said Schedule, after item (xii) and the entries relating thereto, the following item and entry shall be inserted, namely:-

"(xiii) Subscription to zero coupon zero principal instruments on Social Stock Exchange."

Old Law

Pg 9.61

(xiii) is newly inserted.

Chapter 10: Audit and Auditors

VI. 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**

Aarav Renewable Energy Limited (AREL), a public company incorporated under the Companies Act, 2013, is engaged in the manufacture of solar-energy equipment. The company has an authorised share capital of ₹50 crore and a paid-up share capital of ₹ 20 crore. With a view to expanding its business, the company proposes to diversify into the manufacture of electric vehicles. The proposed activity falls outside both the main objects and the ancillary or incidental objects specified in its existing Memorandum of Association. The Board of Directors is of the opinion that the proposed diversification is incidental to the company's existing business and therefore, may be undertaken without altering the objects clause of the Memorandum of Association.

To finance its expansion plans, AREL proposes to raise ₹10 crore by issuing equity shares to 65 identified persons, including 8 Qualified Institutional Buyers (QIBs). The company has not made any other offer of securities by way of private placement during the same financial year. The Board proposes to make the offer without issuing a public advertisement, arguing that the offer should be treated as a private placement since it is being made only to identified persons. The company also proposes to accept the application money through banking channels and complete the allotment within the prescribed statutory period.

During the same financial year, the Board appointed S.K. & Associates, Chartered Accountants, as the statutory auditors of the company for a period of five years without placing the appointment before the members at a general meeting. This was a subsequent appointment and not the appointment of the first auditor. It was subsequently observed that the audit firm had also provided certain non-audit services (book-keeping services), to the company during the preceding financial year and audit period.

AREL had held its previous Annual General Meeting (AGM) on 30 September 2025. For the financial year ending 31 March 2026, the Board proposed to convene the next AGM on 31 December 2026, stating that the additional time was required to finalise the financial statements and complete the audit. No extension of time had been granted by the Registrar of Companies. The company issued the notice of the proposed meeting only 15 days before the meeting. The company had not obtained the consent required under section 101 for convening the AGM at shorter notice. The notice contained the ordinary business to be transacted but did not provide adequate particulars concerning the proposed appointment and remuneration of a director in the explanatory statement accompanying the notice, where such a statement was required under section 102.

On the day of the AGM, only 35 members were personally present, although the company had 900 members. Mr. Rohan, a shareholder holding 8% of the paid-up share capital, was unable to attend the meeting and appointed his friend as his proxy. The instrument of proxy was deposited with the company two days before the meeting. The Chairman questioned whether the proxy could participate in the proceedings and stated that, since proxies could not be counted for determining the quorum, the meeting could not proceed unless the requisite number of members were personally present.

AREL maintained its books of account in electronic form. However, certain purchase vouchers and supporting documents were kept only at its factory and were not readily available at the registered office. The facts do not establish whether the Board had approved the maintenance of the books at another place in India or whether the prescribed intimation had been given to the Registrar. During the preparation of the financial statements, the finance department also omitted certain disclosures required under the applicable accounting standards. Further, the Board's Report did not contain adequate particulars relating to the conservation of energy and technology absorption, and the company did not provide the requisite disclosures regarding its policy on directors' appointment and remuneration.

After considering the financial results for the year, the Board recommended a final dividend of ₹2 crore, which was subsequently declared by the members at the AGM. Due to an administrative oversight, the company failed to transfer the amount of dividend payable to the shareholders to the prescribed separate bank account within the stipulated period. The finance department subsequently proposed to utilise the amount temporarily to meet the company's working-capital requirements, assuring the Board that the amount would be restored before payment to the shareholders.

During the statutory audit, the auditor noticed that certain payments had been made to a supplier without adequate supporting documents and that the company lacked an adequate system of internal financial controls. Further examination revealed that the Chief Financial Officer had allegedly manipulated certain invoices, resulting in an overstatement of expenses by ₹75 lakh. The auditor had reason to believe that the manipulation constituted fraud by an officer of the company. The auditor brought the matter to the attention of the Board but was uncertain about the reporting obligations applicable to the suspected fraud under the Companies Act, 2013.

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. With reference to the proposed manufacture of electric vehicles by AREL, examine whether the company can commence such activity without altering its Memorandum of Association.
 - (a) Yes, because any activity connected with the existing business can automatically be undertaken.

- (b) Yes, provided the Board passes a resolution approving the new activity.
 - (c) No, the company must alter its Memorandum of Association in accordance with the provisions relating to alteration of objects before undertaking an activity outside its existing objects.
 - (d) No, because a public company cannot alter its objects after incorporation.
2. AREL proposes to issue equity shares by way of private placement to 65 identified persons during a financial year. The proposed offerees include 8 Qualified Institutional Buyers (QIBs). AREL has not made any other offer of equity shares by way of private placement during that financial year.
- Which of the following statements is most appropriate?
- (a) The proposed offer necessarily constitutes a public offer because section 42 prescribes a maximum limit of 50 persons, including QIBs.
 - (b) The prescribed limit of 200 persons includes QIBs and therefore all 65 offerees must be counted for determining compliance with the limit.
 - (c) For determining compliance with the prescribed numerical limit, the 8 QIBs are excluded and 57 persons are counted. The offer does not exceed the prescribed limit of 200 persons, but compliance with the other requirements of section 42 is also necessary for a valid private placement.
 - (d) The proposed offer cannot be made by way of private placement because QIBs cannot be included among the identified persons.
3. Regarding the appointment of S.K. & Associates as statutory auditors, which statement is correct?
- (a) A statutory auditor can provide bookkeeping services if the Board approves them.
 - (b) The statutory auditor must be appointed by the Central Government in every public company.

- (c) The Board alone can appoint the statutory auditor for a subsequent term of five years.
 - (d) A statutory auditor is appointed by the members at a general meeting, and the auditor is prohibited from providing specified services, including bookkeeping services, to the company.
4. The previous AGM was held on 30 September 2025. The company proposes to hold the next AGM on 31 December 2026, and no extension has been granted by the Registrar. Which statement is correct?
- (a) The proposed date violates the ordinary six-month deadline under section 96 and also exceeds the maximum 15-month interval between two AGMs.
 - (b) The company is automatically compliant because an AGM may be held at any time during the calendar year.
 - (c) The Board can extend the AGM date indefinitely if the financial statements are not ready.
 - (d) The proposed date is valid because the 15-month interval is calculated from the end of the financial year rather than from the previous AGM.
5. AREL sent the AGM notice only 15 days before the meeting and did not obtain the consent required under section 101 for shorter notice. Which of the following is correct?
- (a) The notice is valid because 15 days is sufficient for every general meeting.
 - (b) The notice period prescribed under the Act applies only to private companies.
 - (c) The notice does not comply with section 101, which generally requires at least 21 clear days' notice, unless the statutory requirements for shorter notice are met.
 - (d) The notice is valid because the Board may waive the prescribed notice period by passing a resolution.

6. Mr. Rohan appointed his friend as his proxy. The proxy form was deposited two days before the AGM. Which statement is correct?
- A proxy can never be appointed by a shareholder in a public company.
 - A valid proxy may be appointed subject to the requirements of the Act and the Articles, but the proxy is not counted for determining the quorum. Since 35 members are personally present, the quorum requirement is satisfied.
 - A proxy is always counted for determining quorum, even when the Articles provide otherwise.
 - Only a director can act as proxy.
7. AREL maintains its books of account in electronic mode. During an inspection, it was observed that the company's accounting data is accessible only through a specialised software system and the company has not ensured that the data can be retrieved in a readable form when required. The management contends that maintaining the books electronically is sufficient to comply with the legal requirements.
- Which of the following statements is the most appropriate?
- AREL is non-compliant merely because it maintains its books of account electronically.
 - AREL is compliant because electronic maintenance of books of account dispenses with the need to ensure their accessibility and retrieval.
 - AREL may maintain its books of account electronically, but it must also comply with the applicable requirements concerning accessibility, usability and preservation of the electronic records.
 - AREL is required to maintain physical books of account in addition to electronic records in every case.
8. The members of AREL declared a final dividend of ₹2 crore at the AGM. The company failed to deposit the amount of dividend payable in a separate account with a scheduled bank within the prescribed number of

days of declaration and proposed to use the amount temporarily for working-capital requirements. Which statement is correct?

- (a) The amount must be deposited in a separate account with a scheduled bank within five days of declaration, and the company cannot use it for working-capital requirements.
 - (b) Once dividend is declared, the company may use the amount for any business purpose until the payment date.
 - (c) The requirement to deposit the amount in a separate bank account applies only to listed companies.
 - (d) The company may use the amount temporarily if the Board resolves to restore it before payment to shareholders.
9. During the statutory audit, the auditor has reason to believe that the CFO has committed fraud involving ₹75 lakh by manipulating invoices. Which statement is correct under section 143(12) read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014?
- (a) The auditor must report the fraud to the Central Government in Form ADT-4 in every case, irrespective of the amount involved.
 - (b) The auditor has no reporting obligation because the amount involved is below ₹1 crore.
 - (c) The auditor must report the matter to the Audit Committee or, where applicable, the Board, in accordance with the prescribed procedure; the company must also make the prescribed disclosure in the Board's Report.
 - (d) The auditor may report the matter only if the shareholders pass a resolution authorising the report.

Independent MCQ

10. Assertion (A): A partner of an LLP is not personally liable for the wrongful act or omission of any other partner of the LLP. However, a partner remains personally liable for his or her own wrongful act or omission.

Reason (R): Every partner of an LLP is an agent of the LLP for the purpose of its business, but not an agent of the other partners.

Select the correct option:

- (a) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true, but Reason (R) is false.
- (d) Assertion (A) is false, but Reason (R) is true.

Descriptive Questions

11. Silver Oak Infrastructure Limited held its Annual General Meeting (AGM) for the financial year ended 31 March 2025 on 30 September 2025. At the AGM, the shareholders appointed Nair & Associates as statutory auditors for a term of five years, subject to the applicable provisions of the Companies Act, 2013.

On 15 January 2026, the audit firm tendered its resignation, citing professional reasons. The Board of Directors proposed to appoint another audit firm immediately, without convening a general meeting, and stated that the vacancy could be filled solely by a Board resolution.

Examine the following in accordance with the provisions of the Companies Act, 2013:

- (i) Whether the appointment of a new audit firm solely by the Board of Directors, without the approval of the members, would be valid.
 - (ii) State the compliance required to be undertaken by the resigning audit firm, along with the applicable time limit.
12. Horizon Manufacturing Limited, a company engaged in the manufacture and sale of industrial equipment, received an advance of ₹ 40 lakh from a customer on 1 April 2026 for the supply of machinery, which was to be delivered within 120 days from the date of receipt of the advance. The company held all necessary permissions and approvals, wherever required, to deal in and supply such machinery.

However, the company failed to supply the machinery within the stipulated period. Neither was the delivery period extended nor was the advance refunded. Despite this, the company continued to classify the

amount as a customer advance in its books of account, on the ground that it had been received towards the supply of machinery. The directors further contended that the amount should not be treated as a deposit, as it had originally been received for a commercial purpose.

Examine, with reference to the provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, whether the contention of the directors is correct.

13. Apex Limited declared dividend at its Annual General Meeting held on 30 September 2026.

The company failed to pay dividend amounting to ₹8,00,000 to certain shareholders within 30 days from the date of declaration. Consequently, the amount was transferred to the Unpaid Dividend Account 20 days after the expiry of the time limit prescribed for such transfer.

Separately, dividend payable to Mr. Rohit in respect of the financial year 2018–19 had remained unclaimed and was transferred to the Unpaid Dividend Account on 10 October 2019. The amount remained unclaimed for seven years and was transferred to the Investor Education and Protection Fund (IEPF) on 11 October 2026.

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

- (a) The liability of Apex Limited for the delayed transfer of the unpaid dividend to the Unpaid Dividend Account.
 - (b) Whether Mr. Rohit can claim the dividend for FY 2018–19 directly from the company after its transfer to the IEPF.
14. Perfect Limited maintains its Register of Members at its registered office in Mumbai. A group of members residing in Kolkata wants to keep the register of members at Kolkata.

Keeping in view the provisions of the Companies Act, 2013, explain whether Perfect Limited can keep the Registers and Returns at Kolkata.

The Limited Liability Partnership Act, 2008

15. Meera, a partner of Sunrise Consultants LLP, decides to resign. The LLP agreement does not contain any provision regarding the cessation of a

partner. Meera gives written notice of her intention to resign to the other partners, and 30 days later she ceases to participate in the LLP's business. However, the LLP does not deliver notice of her cessation to the Registrar. A supplier, who has no knowledge of Meera's cessation, subsequently extends credit to the LLP. Meera also has an outstanding obligation to the LLP that arose while she was a partner.

Analyse the legal position of Meera with respect to her cessation as a partner, the supplier's transaction and her outstanding obligation.

The General Clauses Act, 1897

16. While studying the General Clauses Act, 1897, a student observes that certain definitions and general rules are provided in one enactment so that they need not be repeated in every Central Act. The student wishes to understand the broader purpose served by this legislation.

In this context, explain the main objectives of the General Clauses Act, 1897.

17. A Central Act (Act A) imposed a penalty on a business for certain acts committed while it was in force. Before the Act (Act A) was repealed by another Central Act (Act B), the business had committed the acts and proceedings for imposition of the penalty had been initiated against the business. The repealing Act contains neither a saving clause nor any indication of a contrary intention. The business contended that the repeal extinguished its liability and that the pending proceedings could not continue.

Examine the validity of the business's contention in the light of the provisions of the General Clauses Act, 1897, relating to the effect of repeal of an enactment.

Interpretation of Statutes

18. While teaching Corporate and Other Laws, Mr. Arun explained to his students that the language used in a statute may not always convey its meaning clearly. Further, the legislature may not be able to anticipate every situation that may arise in the future. Consequently, interpretation of statutes becomes necessary.

In the light of the above, explain the need for interpretation of statutes and state the circumstances in which such a need arises.

19. While interpreting a provision of an Act, a court refers to the long title and preamble of the enactment to understand its object and purpose. In another case, the court considers the historical circumstances leading to the enactment of the law to understand its background.

In the light of the above situations, explain the meaning of internal and external aids to the interpretation of statutes, giving any two examples of each.

The Foreign Exchange Management Act, 1999

20. Vidya Limited, an Indian company, earned foreign exchange of USD 4 million during the previous three financial years. It proposes to remit USD 3 million to a reputed university in the United States for establishing a chair in the field of technology. The company believes that the remittance is permissible without Reserve Bank of India approval because the recipient is an educational institution.

Examine whether prior approval of the RBI is required under the provisions of the Foreign Exchange Management Act, 1999.



SUGGESTED ANSWERS

Multiple Choice Questions

MCQ No.	Most Appropriate Answer
1.	(c)
2.	(c)
3.	(d)
4.	(a)
5.	(c)
6.	(b)
7.	(c)
8.	(a)

9.	(c)
10.	(a)

Descriptive Questions

- 11. (i)** Section 139(8) of the Companies Act, 2013 provides that a casual vacancy in the office of an auditor, in the case of a company other than a company whose accounts are subject to audit by the Comptroller and Auditor-General of India, shall be filled by the Board of Directors within 30 days.

Where the vacancy arises due to resignation of the auditor, such appointment shall also be approved by the company at a general meeting convened within three months of the recommendation of the Board. The newly appointed auditor holds office until the conclusion of the next AGM.

In the given question, the casual vacancy has arisen due to the resignation of Nair & Associates. Therefore, the Board may fill the vacancy within 30 days, but the appointment must also be approved by the members at a general meeting convened within three months of the Board's recommendation.

Accordingly, the appointment solely by the Board of Directors, without obtaining the approval of the members, would not satisfy the requirements of section 139(8).

- (ii)** As per section 140(2), the resigning auditor must file a statement in the prescribed form with the company and the Registrar, indicating the reasons for resignation and other relevant facts, within 30 days from the date of resignation.

In the given situation, Nair & Associates must comply with this requirement within 30 days from 15 January 2026.

- 12.** Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014, excludes certain amounts received by a company in the course of or for the purposes of its business, subject to the conditions prescribed therein. These include advances received in connection with the supply of goods or provision of services, provided that the advance is

appropriated against the supply of goods or provision of services within 365 days from the date of acceptance, subject to specified exceptions.

In the given case, Horizon Manufacturing Limited received an advance of ₹ 40 lakh on 1 April 2026 for the supply of machinery. Although the company was duly authorised and held the necessary permissions and approvals to deal in the machinery, it failed to supply the machinery within the agreed period of 120 days. The expiry of the contractual delivery period, by itself, does not automatically cause the advance to be treated as a deposit.

Further, under Rule 2(1)(c)(xii)(a), the advance must be appropriated against the supply of goods or provision of services within 365 days from the date of acceptance. The mere classification of the amount as a customer advance in the books of account does not, by itself, establish that this condition has been satisfied.

The proviso relating to the absence of necessary permission or approval would not apply on the given facts, since the company possessed all necessary permissions and approvals. However, if the advance is not appropriated against the supply of machinery within 365 days from 1 April 2026, and the exception relating to legal proceedings or any other applicable exclusion does not apply, the amount would be treated as a deposit under the said Rules.

The directors' contention is not correct merely because the amount was originally received for a commercial purpose or continued to be shown as a customer advance in the books. The amount's treatment as a deposit depends on compliance with the conditions prescribed under Rule 2(1)(c)(xii)(a). The failure to deliver the machinery within 120 days, by itself, does not automatically make the advance a deposit.

- 13. (a)** As per section 124(1) of the Companies Act, 2013, where a dividend remains unpaid or unclaimed within 30 days from the date of its declaration, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of unpaid or unclaimed dividend to a special account called the Unpaid Dividend Account.

Further, under section 124(3), if a company fails to transfer the unpaid or unclaimed dividend to the Unpaid Dividend Account within the prescribed period, it shall pay interest at the rate of 12% per annum on the amount remaining unpaid, for the period of default. The interest shall enure to the benefit of the members in proportion to the amount remaining unpaid to them.

In the given question, Apex Limited transferred the amount to the Unpaid Dividend Account 20 days after the expiry of the prescribed time limit. Accordingly, the company is liable to pay interest at 12% per annum on ₹8,00,000 for the 20 days of default, i.e. $₹8,00,000 \times 12\% \times 20/365 = ₹5,260$ (approximately). This interest is payable for the benefit of the concerned members.

- (b) As per section 124(5) of the Companies Act, 2013, any money transferred to the Unpaid Dividend Account that remains unpaid or unclaimed for seven years from the date of such transfer shall be transferred by the company, along with the interest accrued, to the Investor Education and Protection Fund (IEPF).

In the given case, the dividend payable to Mr. Rohit was transferred to the Unpaid Dividend Account on 10 October 2019 and remained unclaimed for seven years. Accordingly, the amount was transferred to the IEPF on 11 October 2026.

Therefore, Mr. Rohit cannot claim the amount directly from Apex Limited after its transfer to the IEPF. He may, however, apply to the IEPF Authority for a refund in accordance with the prescribed procedure.

14. As per section 94(1) of the Companies Act, 2013, the registers required to be kept and maintained by a company under section 88 and copies of the annual return filed under section 92 shall be kept at the registered office of the company:

Provided that such registers or copies of return may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the company.

So, Perfect Limited can also keep the registers and returns at Kolkata after compliance with the above provisions, provided more than one-tenth of the total number of members entered in the register of members reside in Kolkata.

15. As per the Limited Liability Partnership Act, 2008, the legal position is as follows:

1. As per section 24 of the Limited Liability Partnership Act, 2008, a person may cease to be a partner of a LLP in accordance with an agreement with the other partners or, in the absence of agreement with the other partners as to cessation of being a partner, by giving a notice in writing of not less than 30 days to the other partners of his intention to resign as partner.

Accordingly, Meera may cease to be a partner after giving the prescribed notice.

2. Where a person has ceased to be a partner of a LLP (hereinafter referred to as "former partner"), the former partner is to be regarded (in relation to any person dealing with the LLP) as still being a partner of the LLP unless:
 - (a) the person has notice that the former partner has ceased to be a partner of the LLP; or
 - (b) notice that the former partner has ceased to be a partner of the LLP has been delivered to the Registrar.

In the given question, the supplier has no knowledge of Meera's cessation, and the LLP has not delivered notice of the cessation to the Registrar. Therefore, in relation to the supplier, Meera continues to be regarded as a partner of the LLP.

3. The cessation of a partner does not, by itself, discharge that partner from any obligation to the LLP, the other partners or any other person that the partner incurred while being a partner.

Therefore, Meera's outstanding obligation to the LLP, incurred while she was a partner, continues despite her cessation.

16. The main objectives of the General Clauses Act, 1897, are as follows:

- (1) To shorten the language of Central Acts;
- (2) To provide, as far as possible, for uniformity of expression in Central Acts, by giving definitions of a series of terms in common use;
- (3) To state explicitly certain convenient rules for the construction and interpretation of Central Acts;
- (4) To guard against slips and oversights by importing into every Act certain common form clauses, which otherwise ought to be inserted in every central Act.

The General Clauses Act, thus, makes provisions as to construction of General Acts and other laws of all- India application. Its importance is, therefore, evident from the wide range of enactments to which its provisions apply.

17. As per section 6 of the General Clauses Act, 1897, where any Central legislation or any regulation made after the commencement of this Act repeals any Act made or yet to be made, unless another purpose exists, the repeal shall not:

- Affect any right, privilege, obligation or liability acquired, accrued or incurred under any enactment so repealed; or
- Affect any penalty, forfeiture or punishment incurred in respect of any offence committed against any enactment so repealed; or
- Affect any inquiry, litigation or remedy with regard to such claim, privilege, debt or responsibility or any inquiry, litigation or remedy may be initiated, continued or insisted.

Further, any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed as if the repealing Act or Regulation had not been passed.

In the given question, the liability had been incurred and legal proceedings had been initiated before the repeal. Since no different intention appears in the repealing Act, the liability remains unaffected

and the pending proceedings may continue as if the repealing Act had not been passed.

Therefore, the business's contention is not valid.

- 18.** Interpretation of statutes is the process by which the real meaning of an Act (or a document) and the intention of the legislature in enacting it (or of the parties executing the document) is ascertained.

The need for interpretation arises due to the following circumstances:

1. Ambiguity in language: The words used in a statute may be vague or ambiguous or may convey more than one meaning.
2. Inconsistency between provisions: Different provisions of the same Act may conflict and thus, the need for correct interpretation.
3. Omissions and inadequacies in drafting: Inadvertent omissions, imprecise wording or oversights in drafting may obscure the legislative intention and need to be resolved through interpretation.
4. Changed circumstances: Social, economic and technological developments may make the original wording of the statute difficult to apply as it stands today. The legislature cannot anticipate every possible situation that may arise in the future.

- 19. (A) Internal aids to interpretation:** Internal aids are the various parts of an enactment that may be referred to while interpreting the statute.

Two examples are:

1. Long Title: It describes the enactment and may assist in understanding its object, scope and purpose. However, it cannot override the clear meaning of the enactment.
2. Preamble: It expresses the scope, object and purpose of an Act. The Preamble may recite the ground and the cause of making a statute and the evil which is sought to be remedied by it. It cannot over-ride the plain provision of the Act, however, where the statutory language is ambiguous, it may assist in determining the proper meaning of the provision.

(B) External aids to interpretation: External aids are sources outside the statute that may assist in ascertaining the meaning and intention of a statutory provision.

Two examples are:

1. **Historical Setting:** The historical circumstances that led to the enactment of a law may assist in understanding its subject matter, scope and object. History in general and Parliamentary History in particular, ancient statutes, contemporary or other authentic works and writings all are relevant in interpreting and construing an Act.
2. **Usage:** The manner in which a provision has been interpreted and acted upon over a long period may assist in determining its meaning where the statutory language is doubtful.

20. As per section 5 of the Foreign Exchange Management Act, 1999, any person may sell or draw foreign exchange to or from an authorized person if such a sale or drawal is a current account transaction. Provided that Central Government may, in public interest and in consultation with the reserve bank, impose such reasonable restrictions for current account transactions as may be prescribed.

Under Schedule III to the Foreign Exchange Management (Current Account Transactions) Rules, 2000, donations by persons other than individuals for creation of chairs in reputed educational institutions require prior approval of the Reserve Bank of India (RBI) if the donations exceed 1% of the donor's foreign exchange earnings during the previous three financial years or USD 5 million, whichever is less.

In the given question:

- Foreign exchange earnings during the previous three financial years are USD 4,000,000.
- 1% of USD 4,000,000 is USD 40,000.
- The limit is the lower of USD 40,000 and USD 5,000,000, which is USD 40,000.

As the proposed donation of USD 3 million exceeds USD 40,000, thus, prior approval of the RBI is required before making the proposed remittance.