

Mock Test Paper - Series I: November, 2025

Date of Paper: 20th November, 2025

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

INTERMEDIATE COURSE: GROUP – I

PAPER – 2: CORPORATE AND OTHER LAWS

Time Allowed – 3 Hours

Maximum Marks – 100

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

PART I – Case Scenario based MCQs (30 Marks)

Part I is compulsory.

Case Scenario 1

Rishabh, a resident of Indore with a strong interest in film direction and production, decided to build his own venture in the entertainment field. After completing his specialised training in 2019 and gaining experience as a freelancer, he incorporated a film production company named Rishabh FrameCraft Private Limited (OPC) in July 2023, with its Registered Office in Mumbai.

Rishabh was the sole subscriber to the Memorandum of Association, with his mother, Mrs. Meera, as the nominee. The company had three directors — Rishabh himself, his brother Rivan and his sister Kritika. The Authorised Capital stated in the Memorandum was ₹ 40,00,000, while the paid-up capital was ₹10,00,000, entirely held by Rishabh.

Rishabh's father, Mr. Dinesh, served as Vice President (Marketing) at NovaCrest Pharma Limited, a listed pharmaceutical company. His work demanded frequent international travel, and during the financial year 2023–24, he travelled extensively across Europe from 1st June 2023 till 31st March 2024. He was also planning to migrate to Manchester, U.K., after his superannuation, which was two years away.

Rishabh's mother, Mrs. Meera, was a science teacher in a reputed public school in Indore and an active social worker.

With the support of his two co-directors, Rishabh steadily expanded the operations of Rishabh FrameCraft Private Limited (OPC) into radio, television, fashion films, music videos and other entertainment-related projects.

In July 2024, an unexpected development occurred when Mrs. Meera expressed her desire to withdraw her consent as the nominee due to a serious medical condition requiring specialised treatment. This situation required Rishabh to consider appointing a new nominee. After careful thought, he approached his father, Mr. Dinesh, requesting him to take up the role. Mr. Dinesh agreed to consider it positively but cautioned that the appointment must not result in any legal complications.

Around this time, Mr. Arvind Yatra, a renowned numerologist for over a decade, approached Rishabh to produce short films for his company, Arvind Numerix Private Limited (OPC). During their discussions, he suggested that Rishabh add the letters 'h' and 'v' to his name for better professional growth. Rishabh accepted the advice and, after completing the necessary legal formalities, changed his name to Rishhavv.

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

1. Neel, a sales executive at NovaCrest Pharma Limited, working directly under Mr. Dinesh, Vice President (Marketing), wants to take a loan from the company to purchase its equity shares. Choose the correct option:
 - (a) Neel as an employee of NovaCrest Pharma Limited is not permitted to avail loan from NovaCrest Pharma Limited for purchasing its own equity shares.
 - (b) Neel is permitted to take such a loan, but only up to three months' salary.
 - (c) Neel is permitted to take such a loan, but only up to six months' salary.
 - (d) Neel is permitted to take such a loan, but only up to nine months' salary.
2. From the Case Scenario, it is evident that with a view to start his own film production company, Rishhavv (earlier name Rishabh) incorporated a one-person company by the name Rishabh FrameCraft Private Limited (OPC) in July 2023. As regards the manner in which the company's name outside his Registered office in Mumbai shall be displayed, you are required to indicate the correct option from those stated below:
 - (a) Rishabh FrameCraft Limited (One Person Company)
 - (b) Rishabh FrameCraft Private Limited (One Person Company)
 - (c) Rishabh FrameCraft (One Person Company) Private Limited
 - (d) Rishabh FrameCraft Private Limited – One Person Company

3. Assume that Mrs. Meera withdrew her consent to act as nominee and gave notice on 8th July 2024. Within what maximum time must Rishhavv nominate another person as the new nominee?
- (a) Rishhavv is required to nominate another person as nominee maximum within five days from the receipt of the notice of withdrawal of consent from his mother Mrs. Meera.
 - (b) Rishhavv is required to nominate another person as nominee maximum within fifteen days from the receipt of the notice of withdrawal of consent from his mother Mrs. Meera.
 - (c) Rishhavv is required to nominate another person as nominee maximum within twenty days from the receipt of the notice of withdrawal of consent from his mother Mrs. Meera.
 - (d) Rishhavv is required to nominate another person as nominee maximum within thirty days from the receipt of the notice of withdrawal of consent from his mother Mrs. Meera.
4. Suppose Rishhavv nominates Mr. Karan as the new nominee on 20th July 2024. By what date the company file shall file the notice with the Registrar of such change with the Registrar?
- (a) 25th July 2024
 - (b) 30th July 2024
 - (c) 19th August 2024
 - (d) 20th August 2024

Case Scenario 2

Purple LLP is a limited liability partnership engaged in the business of eco-friendly product manufacturing. The LLP was initially established with three partners: Mira, Arjun and Yellow Industries Limited, a corporate entity. Mira and Arjun are the designated partners, with Mira being a resident in India. Yellow Industries Limited has appointed Rahul, an individual, as its nominee to act on its behalf.

After a few years, Arjun decides to retire, leaving Mira and Yellow Industries Limited as the remaining partners. Due to some administrative oversight, Purple LLP continues its operations without appointing a new partner. This situation persists for seven months, with Mira being aware of the reduced number of partners. During this period, Purple LLP enters into several contracts and incurs significant financial obligations.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (of 2 marks each) given herein under:

5. Given that Arjun retired and Purple LLP continued with only Mira and Yellow Industries Limited, what should Purple LLP have done within six months to comply with the LLP Act?
 - (a) Dissolved the LLP
 - (b) Continue operating with one designated partner
 - (c) Appoint at least one body corporate which should be a foreign company
 - (d) Appointed at least one more partner who should also be a designated partner, as every LLP should have at least two designated partners
6. According to the Limited Liability Partnership Act, 2008, choose the correct statement in relation to who must be a resident in India among the designated partners:
 - (a) At least one individual designated partner shall be resident in India
 - (b) All designated partners shall only be resident in India
 - (c) It is mandatory for only corporate partners to be resident in India
 - (d) At least four designated partners shall be resident in India
7. In the given case scenario, suppose Yellow Industries Limited also leaves the LLP and the LLP continues business for more than six months with only one partner, who is personally liable for the obligations incurred during that period?
 - (a) Mira
 - (b) Both Mira and Yellow Industries Limited
 - (c) Yellow Industries Limited
 - (d) Mira, Arjun and Yellow Industries Limited

Case Scenario 3

The Government of India, by an order dated 19th August 2025, appointed a Commission of Inquiry to investigate alleged environmental violations in the State of Maharashtra.

The notification was published in the Official Gazette on 24th August 2025, and the Commission was required to submit its report within 90 days from the date of the notification.

Subsequently, a dispute arose regarding the territorial jurisdiction of the Commission. The notification stated that the investigation would cover all environmental violations occurring within

a 10-kilometre radius of the Godavari River. Several industries challenged this, arguing that the 10-kilometre distance should be measured along road distance rather than in a straight line.

Another issue arose regarding the service of notices to industries suspected of violations. The Commission sent notices through registered post, and some industries contended that the notices had not been effectively served.

The Commission's tenure was to expire on 17th November 2025. However, before that date, the Central Government issued an order extending the tenure "until further notice."

A Public Interest Litigation (PIL) was filed in the Bombay High Court, challenging the legality of this open-ended extension.

Additionally, the Government had appointed Mr. Arvind Rao as the Chairman of the Commission. Mr. Rao resigned on 25th September 2025 due to health reasons.

Through an Office Memorandum dated 30th September 2025, the Government appointed Ms. Kavita Mehta as his replacement, and she assumed charge on 5th October 2025.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions given herein under:

8. When does the period for submitting the report expire?
 - (a) 16th November 2025
 - (b) 19th November 2025
 - (c) 20th November 2025
 - (d) 22nd November 2025
9. How should the 10-kilometre distance be measured as per the General Clauses Act, 1897?
 - (a) Along the existing road network
 - (b) In a straight line, on a horizontal plane
 - (c) Using the shortest possible route
 - (d) By any reasonable method chosen by the Commission
10. Whether the Government of India has the power to modify the tenure "until further notice"?
 - (a) Yes, because the authority to appoint includes the authority to vary the terms of appointment, including extending tenure.

- (b) No, because the General Clauses Act, 1897, does not permit any modification once a date is fixed.
- (c) No, because only the Legislature can extend the tenure of a statutory Commission, not the appointing authority.
- (d) No, because after the Commission begins functioning, any change in tenure must be approved by a Court, not by the appointing authority.

Independent MCQs

11. Aarav Industries Ltd. convened a General Meeting (EGM) to approve a proposal for shifting the company's registered office from Delhi to Maharashtra. The resolution required a special resolution.

At the meeting, the following votes were recorded:

- Votes in favour : 3,000
- Votes against : 1,200
- Invalid/abstained votes : 300

The company secretary declared that the resolution had been passed as a special resolution.

Based on the above, which of the following correctly states the legal requirement for a special resolution under the Companies Act, 2013?

- (a) The votes in favour must be twice the votes against.
- (b) The votes in favour must be three times the votes against.
- (c) The votes in favour must be not less than three-fourths of the votes cast against the resolution.
- (d) The votes in favour must be not less than two-thirds of the votes cast against the resolution.

(2 Marks)

12. Devika Constructions Ltd. is due to appoint its statutory auditor at its upcoming Annual General Meeting. The Board shortlists three options:

1. Mr. Arjun Malhotra, a practicing Chartered Accountant in individual capacity.
2. KS & Associates LLP, a Limited Liability Partnership with three partners (all Chartered Accountants).
3. Finplus Advisory Pvt. Ltd., a company providing financial consultancy services and staffed with qualified professionals.

Based on the provisions of the Companies Act, 2013, which of the following entities may legally be eligible for appointment as statutory auditor?

- (a) Only KS & Associates LLP
- (b) Only Mr. Arjun Malhotra, as he is a practicing individual CA
- (c) Both Mr. Arjun Malhotra and KS & Associates LLP
- (d) Finplus Advisory Pvt. Ltd., because it provides professional services **(2 Marks)**

13. The Annual General Meeting (AGM) of Green Limited was held on 31.8.2024. Suppose the Chairman of the company after two days of AGM went abroad for next 31 days. Due to the unavailability of the Chairman, within time period prescribed for submission of copy of report of AGM with the registrar, the report as required was signed by two Directors of the company, of which one was additional Director of the company. Comment on the signing of this report of AGM.

- (a) Yes, the signing is in order as the report can be signed by any director in the absence of Chairman.
- (b) No, the signing is not in order as only the Chairman is authorised to sign the report
- (c) Yes, the signing is in order, as in the absence of Chairman at least two directors should sign the report.
- (d) No, the signing is not in order, since in case the Chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director, if there is one and company secretary of the company.

(2 Marks)

14. Mr. Amar (a resident individual) want to remit US\$ 60,000 to his son in the USA after winning a big lottery. Considering the provisions of the Foreign Exchange Management Act, 1999, choose the correct action which Mr. Tonmay would take to remit the said amount to his son in the USA.

- (a) Visit a local bank and request a direct transfer to his son's US bank account.
- (b) Cannot remit the said amount as remittance out of lottery winnings is prohibited.
- (c) Travel to the USA personally with the cash winnings, to give it to his son.
- (d) Convert the US Dollar winnings into a different currency before sending it to his son.

(2 Marks)

15. Mr. Rajneet, an Indian Resident individual, wishes to obtain Foreign Exchange for a gift remittance totaling US\$ 50,000. Which of the following statements accurately reflects the regulatory requirement under the Foreign Exchange Management Act, 1999 (FEMA)?
- (a) Mr. Rajneet can freely remit US\$ 50,000 for the gift as it is a current account transaction and the amount of gift remittance is less than US\$ 2,50,000.
 - (b) Mr. Rajneet must seek prior approval from the RBI for the remittance exceeding US\$ 50,000.
 - (c) Mr. Rajneet must seek prior approval from the RBI for any gift remittance, regardless of the amount.
 - (d) Mr. Rajneet does not need to comply with any FEMA requirements as gift remittance does not fall under the purview of the FEMA 1999. **(2 Marks)**

PART – II Descriptive Questions (70 Marks)

Question No.1 is compulsory.

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

1. (a) The Annual General Meeting of Promax Limited held on 30th May, 2025, declared a dividend at the rate of 30% payable on its paid-up equity share capital as recommended by Board of Directors. However, the company was unable to post the dividend warrant to Mr. Trishul, an equity shareholder, up to 25th July, 2025. Mr. Trishul filed a suit against the company for the payment of dividend along with interest at the rate of 20 percent per annum for the period of default. Decide in the light of provisions of the Companies Act, 2013, whether Mr. Trishul would succeed? Also, state the directors' liability in this regard under the Act. **(5 Marks)**
- (b) Vivek Limited is holding 58% of the paid up share capital of Brain Limited. Vijay, one of the shareholders of Vivek Limited, holding 10% shares of the company, has made a charitable trust. He donated his 10% shareholding in Vivek Limited and ₹ 20 crore to the trust. He appointed Brain Limited as the trustee. All the assets of the trust are held in the name of Brain Limited.
- As per the provisions of the Companies Act, 2013, decide whether Brain Limited can hold shares of Vivek Limited. **(5 Marks)**
- (c) Mr. Gagan was employed as a premium baker in Del Bakers., a public limited company in Gurugram, India during the financial year 2024-25. He had efficiently provided his services for 183 days during the above said period. On 01.04.2025, Mr. Harish, the Human Resource Manager of Jeff Bakers Ltd., Rome (a foreign country) offered him a better employment opportunity in the company.

On 02.04.2025, Mr. Gagan left India for taking up employment as a production controller at Jeff Bakers Ltd. in Rome. On 30.04.2025 he flew back to India for a 10 day family function in Garwhal, India.

In light of the provisions of the Foreign Exchange Management Act, 1999, elucidate, the residential status of Mr. Gagan, on his return for attending the family function on 30.04.2025. **(4 Marks)**

2. (a) The Articles of Association of ABC Limited require the personal presence of 7 members to constitute quorum of General Meetings. The company has 870 members as on the date of meeting. The following persons were present in the extra-ordinary meeting to consider the appointment of Managing Director:
 - (i) A, the representative of Governor of Karnataka.
 - (ii) B and C, shareholders of preference shares.
 - (iii) D, representing Green Limited and Blue Limited.
 - (iv) E, F, G and H as proxies of shareholders.

Can it be said that the quorum was present in the meeting? **(5 Marks)**
- (b) The Companies Act, 2013, prescribes certain classes of unlisted public companies to appoint internal auditor. Enumerate such unlisted public companies that are required to appoint internal auditor. **(5 Marks)**
- (c) State the provisions of the General Clauses Act, 1897 relating to 'gender and number'. **(4 Marks)**
3. (a) Box Limited is a company engaged in the business of manufacturing papers. Kindly explain the provisions related to quorum in meeting as per the provisions of the Companies Act, 2013. **(5 Marks)**
- (b) Answer the following citing relevant provisions of the Companies Act, 2013:
 - (i) ABC Limited having paid-up capital of ₹ 1.00 crore availed a term loan of ₹ 10,00,000 from Y Bank Limited to purchase electrical items. Mr. Atanu, one of the directors of the company, is of the opinion that it shall be considered as 'deposit'. Is his contention correct?
 - (ii) A Government Company, which is eligible to accept deposits under section 76 of the Companies Act, 2013, cannot accept deposits from public exceeding 25% of the aggregate of its paid-up capital, free reserves and security premium account. Is this correct? **(5 Marks)**
- (c) Explain the rule which suggests that 'Plain word requires no explanation'. **(4 Marks)**
4. (a) Explain the provisions of the Companies Act, 2013 relating to the 'Service of Documents' on a company and the members of the company? **(5 Marks)**

- (b) “LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership”. Explain. **(5 Marks)**
- (c) The definition sometimes includes the words 'mean', 'include', 'means and include' and 'to apply to and include'. What is the meaning of such words? **(4 Marks)**
5. (a) The Companies Act, 2013 has prescribed an additional duty on the Board of directors to include in the Board's Report a 'Directors' Responsibility Statement'. Briefly mention any four matters to be furnished in the said statement. **(5 Marks)**
- (b) Manu and Romu are college friends and intend to do trading in musical instruments. They have met Mr. John and Ms. Kate who are non-resident Indian and they all have decided to form a Limited Liability Partnership (LLP) under the name and style of Manu John LLP with an initial capital contribution of ₹ 1,00,000 each. The LLP was incorporated on October 15, 2024. The LLP intends to appoint Mr. John and Ms. Kate as designated partners and consults same with its Chartered Accountant. You as the Chartered Accountant advise the LLP on the appointment of Mr. John and Ms. Kate as the only designated partners of the LLP. **(5 Marks)**
- (c) Mr. Zeus is unwell and would like to have a kidney transplant done in USA. He would like to know the formalities required and the amount that can be drawn as foreign exchange for the medical treatment abroad. Advise as per the provisions of the Foreign Exchange Management Act, 1999. **(4 Marks)**
6. (a) State the persons responsible for complying with the provisions regarding maintenance of Books of Accounts of a company. Support with the help of relevant provisions of the Companies Act, 2013. **(5 Marks)**
- (b) Advise as per the provisions of the Companies Act, 2013, whether the following can be appointed as 'Debenture Trustee'?
- (i) A shareholder of the company who has shares of ₹ 10,000.
- (ii) A creditor whom the company owes ₹ 999 only. **(5 Marks)**
- (c) List any seven permissible classes of Capital account transactions that a person resident in India can undertake, under the Foreign Exchange Management Act (FEMA), 1999. **(4 Marks)**