



# The Institute of Chartered Accountants of India

Code: IN2CL412263  
Subject : 02 Corporate and Other Laws

Total Marks: 70  
Marks Obtained : 44.5

Subject Corporate & other laws  
Number of Answer Books used : Main + ..... additional sheets  
Date Seal 07 SEP 2025

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Paper Code

J  
K  
L  
1

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z  
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z  
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

MCQ Booklet Serial No.

8 2 4 8 2 6 6

Paper No.

2

Level of Exam Intermediate

Foundation ① Intermediate ● Final ③

MCQ Answers

1	A ● C D	11	A ● C D	21	A B C D
2	A ● C D	12	A ● C D	22	A B C D
3	A ● C D	13	A B C ●	23	A B C D
4	A B C ●	14	● B C D	24	A B C D
5	● B C D	15	A B C ●	25	A B C D
6	● B C D	16	A B C D	26	A B C D
7	A ● C D	17	A B C D	27	A B C D
8	A B ● D	18	A B C D	28	A B C D
9	A B C ●	19	A B C D	29	A B C D
10	A B C ●	20	A B C D	30	A B C D



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...ation wrongly, institute will not take any

...fresh page and question number prominently written at the  
...number should be distinctly written in the margin.  
...be fully completed in one page or in a consecutive set of pages,  
...than the space provided for the purpose or writing distinguishing mark,  
...786", etc., will tantamount to adoption of "unfair means"  
...book to the invigilator take care to score out (X) blank pages, if any, that you

3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
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6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
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9	9	9	9	9	9	9	9	9	9

**INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS**

**Pencil to Darken the appropriate Circle.**

...darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.  
...any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.  
...darken the complete circle.

...you want to change your Answer, erase the darkened circle completely and make a fresh mark.

...Please do NOT make any stray marks on the OMR cover page.

...Rough work must NOT be done on the OMR cover page.

7. Mark your answer only in the appropriate space against the number corresponding to the question.

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered ( Descriptive Type )	
1	<input type="checkbox"/>	8 <input type="checkbox"/>
2	<input type="checkbox"/>	9 <input type="checkbox"/>
3	<input type="checkbox"/>	10 <input type="checkbox"/>
4	<input type="checkbox"/>	11 <input type="checkbox"/>
5	<input type="checkbox"/>	12 <input type="checkbox"/>
6	<input type="checkbox"/>	13 <input type="checkbox"/>
7	<input type="checkbox"/>	14 <input type="checkbox"/>
Total		Total

How to mark answers	
CORRECT METHOD	WRONG METHOD
(A) ● (C) ● (D) ●	(X) (✓) (○) (◐)



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ICAI 03

Q. 6(a)

As per the provisions of companies Act, 2013

Deposit means any sum of money accepted by the company whether as a loan or otherwise from its members or public.

☒ **6aStep1** ☒ 0

The following are the exceptions of term deposits

(1) ☒ A co shall not accept deposit which is repayable on demand or less than 6 months and not exceeding 36 months.

☒ However as an exception,

A company may accept deposit for less than 6 months provided it complies with following:

☒ A co may accept deposit for meeting short term requirement of funds upto 10% of its paid up share capital and free Reserves & SRR &



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(9) The ~~low~~ tenure must be of atleast 3 Months.



6aStep2



1

Hence SK Ltd cannot accept deposit for less than 6 Months unless it complies with the above mentioned Restriction.

(ii)

Amount of 25 lakh or more accepted by ~~at~~ a start-up company in a single branch by way of convertible note will not be considered as deposit.

Ans In the given case ATC Pvt Ltd is a start-up company and it has received sum of 50 lakh which is above 25 lakh in a single branch by way of convertible note repayable within a 6 years.



6aStep3



1

6a



2

Hence the above amount will not be considered as deposit.

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05



Q. 6(B)

As per the provision of companies Act, 2013

following companies are required to  
appoint Internal Auditor:

1. Every listed company
2. unlisted public company having,
  - ① Paid-up capital of ₹ 50 cr. or more, or
  - ② Deposits ~~for~~ or the public deposit  
₹ 25 crore or more, or
  - ☒ ③ Borrowing from Banks or financial  
institutions exceeding ₹ 100 cr. or  
more at any time during the preceding  
financial year, or
  - ④ Turnover of ₹ 200 crore or more.

Applying the above provision

(i) SDF Ltd is a unlisted public company



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having Borrowing from IBL Bank Ltd as on 30.9.21 exceeding 100 crore i.e 100.69 crore at any time during the preceding financial year.



6bStep1



2.5

Hence it is mandatory to appoint Internal Auditor since it fulfilled one of the criteria

(ii) An Internal Auditor may be a,

- Chartered Accountant (CA), or
- Cost Accountant (CMA), or
- Any other professional who may who is capable on being appointed as an Auditor of a company as the BOD may decide,



further An Internal Auditor may or may not be an employee of a company.

In view of above facts G1 who is a professional but neither CA, nor employee can be appointed as Internal Auditor of the company.

6bStep2



2

6b



4.5

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ICAI 07

Q. 6(c)

As per the FEMA, Act 1999

A person Resident outside the India shall not make any Investment whether by equity investment or capital contribution in any company or firm or not which is engaged in following Business

- 1 chit Fund Business, or
- 2 Nidhi company, or
- 3 Agriculture or Plantation Activities, or
- 4 ~~Real~~ Real Estate Business ~~and~~ and Dev. Development of farm houses.

☒ Provided Real Estate Business shall not include ~~any~~ construction of Bridges or Roads, or Residential or commercial Apartments, etc.

- 5 In Trading of TDR (Transferable Development Receipts) which is issued by Govt or State for Acquisition



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of any property in Public Interest without any monetary consideration in Return to the sacrificer of land i.e owner.

✓

6cStep1 ✓ 3.5

6c ✓ 3.5

6 ✓ 10

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ICAI

09



Q.5(a)

As per the Companies Act 2013,  
on or after 2-Feb-2018

Any person who holds directly or  
indirectly ~~any~~ in Reporting company

- 10% or more voting rights, or
- 10% or more dividend rights, or
- 10% of ~~do~~ or more paid-up share capital, or
- otherwise has significant influence over the Reporting company

shall make a declaration within  
30 days of becoming a significant  
Beneficial owner ~~in~~ to the Reporting  
company.

(i) In the above case Ms. Manish holds  
directly & indirectly ₹ 950,000 (650,000 +  
300,000) Paid-up equity share ~~cap~~  
capital which is less than 10% of  
Paid-up equity capital i.e.

$$\frac{950,000}{1,20,00,000} \times 100 = 7.92\%$$



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Hence, applying the above provision she is not a significant Beneficial owner and is not Required to make any declaration in the company.




Hence the advice of CA Mr. Maring is not in line with SBO Rules.

5aStep1



2

(ii) SBO Rules shall not ~~Apply~~ Apply on:

- a) ~~Int~~ Investor & Education Fund
- b) Central government or state government, or local Authority
- c) Body corporate, or entity, owned or controlled by central govt. or state govt. or by one or more central govt. or state govt.
-  d) Holding Reporting Company
- e) Investment vehicle governed by SEBI such as Mutual fund, Real estate Investment Fund, etc
- f) Investment vehicle Regulated by RBI,

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or Insurance and Regulatory Development Authority of India or  
Pension Provident Fund and Regulatory Development Authority of India (PFDA)  
, etc.

5aStep2 ✓ 1.5

5a ✓ 3.5

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0.5 (B)

As per the provisions of LLP Act, 2008

financial year in relation to a LLP shall mean a year commencing from 1st April - 31st March ending on 31st March of following year.

→ Provided that an LLP which is registered on or after 1st Oct the first financial year shall end on 31st March of the next following year.

However a LLP may maintain Books of Accounts

(i)

In the instant case Sulongna, Sukanya & Associate LLP is formed on 1 November 2024 it means its financial year ends on

31st March, 2026 Hence LLP shall maintain Accounts from 1st Nov. 2024 to 31 March March, 2026.

X

Hence the advice given by Sulongna for maintaining the Accounts on

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5bStep1

1

January to December Basis is not as per LLP law as

Every LLP shall maintain its BOA & financial statements on cash basis or Accrual Basis, giving true & fair views of its affairs for every financial year.

(ii) An individual or a Body corporate may become a partner in LLP. As per LLP Act, 2008

→ Body corporate means a company as defined in section 2(20) of Companies Act, 2013, and it shall include

a. A LLP incorporated under this Act,  
b. A LLP incorporated outside the India,  
c. Any company incorporated outside the India,



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But it shall not include

- a. A corporation sole
- b. A cooperative society registered under cooperative societies Act, or
- c. Any other entity specified by central govt.

→ Applying the above provision HUF is not a Body corporate hence



offer given by Dilip to induct HUF as a partner cannot be considered

5bStep2



1.5

iii

A ~~charity~~ charitable trust is also not covered by the ~~the~~ definition of a Body-corporate and hence some cannot be a partner in a LLP as only an individual or a Body corporate can be a partner in LLP.



5bStep3



1

5b



3.5

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Q. 5 (c)

The following Rule shall be applicable for making Rules or Bye laws after previous publication.

1. Draft of Proposed Rules

Any Authority having the power of making Rules and ~~and~~ Bye laws shall before making them publish a draft of proposed Rules for the information of person likely to be affected by it.

2. Manner of Publication:



A Draft of Proposed Rules shall be published by the Authority in a manner deemed sufficient by it or in a manner as may be prescribed by central government.

3. Notice to be Published

There shall be published a Notice along with the Draft specifying the



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date on or after which the draft shall be taken into consideration

## 4. Approval of Authorities :

In case ~~no~~ ~~the~~ Proposed Rules or Bye laws require prior approval of / or sanction of any Authority, then

the Authority making the Rules shall take into consideration the suggestion or ~~off~~ sanction if any of ~~the~~ of the concerned Authority.

## 5. Publication in official Gazette

The Publication of Rules or Bye-laws by a Notification in official Gazette ~~is~~ shall be conclusive evidence of complying with the above provisions. ~~and no one can challenge it now~~

5cStep1



3.5



3.5

5



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Q. 3(a)

As per the Provision of companies Act, 2013

(i) Every company whose,

→ Equity shares are listed on Recognized stock Exchange and

→ ☒ None ~~at~~ at least 1000 members or more

shall provide is Members the facility of Voting by Electronic Mode

In the instant case Fabulous Fabrications & Mechanics Ltd is a listed company and have 865 Members holding Rights to vote which is less than the Prescribed limit of 1000 Members

☒ And hence contention of Ms Riddhi was correct that E-voting is optional in case of Fabulous Fabrications & Mechanics Ltd as it does not fulfill

3aStep1 ☒ 1



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both the Requirement of ~~the~~ above Provision

(ii) Further As per companies Act, 2013,  
when a company provides the facility  
of E-voting to the Members.

The Members who ~~exercised the option~~  
opted for E-voting but could not  
vote on such E-voting can  
physically attend the General Meeting  
to exercise their voting Rights at  
such a General Meeting.

In the instant case Mr. Mohan could  
not exercise his option of voting  
through E-voting and

thus he is legally entitled to attend  
the meeting and cast his vote.



Thus chairman cannot stop Mr.  
Mohan to physically vote at Meeting  
since he did not vote through  
e-voting.

3aStep2



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(iii) ~~At~~ following Matters can be discussed only through Postal Ballot

→ Matters as prescribed by central government

→ Any other Matter other than

① ~~is~~ ordinary Resolution

② Matters in Respect of which Auditor or Director has a right to speak or heard

Thus appoint of Mr. Keshore as a small shareholders director does not fall in above criteria and it is mandatory to make such appointment only through Postal Ballot

Hence suggestion of legal team is not correct.

3aStep3 0 3a 2.5



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Q. 3(B)

As per the Provision of companies Act, 2013

Following are the Prerequisite for Buy Back of shares:

1. It must be Authorised by AOA, <sup>Authorised</sup>
2. ☒ It must be ~~passed~~ by special Resolution in a Meeting,   
 [however as an exception,   
 • A company may buy <sup>back</sup> up to 10% of its Paid-up share capital and free Reserves and security Premium Account
3. ☒ By passing Board Resolution instead on SR
4. ☒ The Buy-Back shall not exceed 25% of its Paid-up capital and free Reserves and security Premium Account
5. ☒ After Buy Back Debt Equity Ratio

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21



shall not ~~allow~~ Exceed 2:1 Ratio  
i.e. it ~~can~~ ~~Buy~~ unless Higher  
Ratio is prescribed by government.

A company may Buy Back its share  
through

- Free Reserves, or
- Proceeds of new issue.

(i) Applying the above provision

Company has proposed to Buy Back  
10% of its total shares i.e.  
10,00,000 share at Market  
Price of ₹ 500 which by passing  
Ordinary Resolution which is not  
as per the provision of law as

Ordinary Resolution is not Required  
for the ~~above~~ above Buy Back



Further it also exceeds 10% of its  
Paid-up capital and free Reserves i.e.  
50 cr. > 15 crore it amount to 33.3%  
~~CFB~~ ~~above~~ which exceeds the  
Maximum limit.

3bStep1



1



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(ii) A Monitor Minimum eligible Amount to be used by Apexock Ltd is 25% of its paid up share capital & free Reserves which is 37.5 crore i.e.  $(100 + 50) \text{ cr.} \times 25\%$ .



Hence it can ~~utilized~~ utilized monitor minimum upto 37.5 crore

— Alternative, If Question is asking only from Resources test then it can be 25% of 100 cr. which is 25 crore

3bStep2



2

3b



3

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Q. 3(c)

Non-obstante clause :

A clause that begins with the phrase "notwithstanding anything contained" is known as a non-obstante clause.

~~A provision which uses the phrase Non-~~  
Non-obstante clause has the effect of making the provision prevail over other ~~and~~ unlike subject to clause



Thus a clause which uses the phrase "notwithstanding anything contained in" will prevail over the other provisions.

Non-obstante clause ensure legal certainty ~~with~~ by making certain specific provision prevail over the other to ensure legal security.

3cStep1



0



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Without Prejudice : If any ~~special~~ special provision is followed ~~by~~ <sup>by</sup> any general provision and it is stated ~~that~~ <sup>that</sup> the specific provision is without any ~~to~~ prejudice to general provision.

It means the ~~specific~~ specific provision shall prevail in addition to and not in derogation of general provision.

The specific provision shall not ~~aff~~ affect or ~~circumscribe~~ <sup>circumscribe</sup> the working of general provision.

But the ~~special~~ specific provision will prevail in addition to general provision.

3cStep2



1.5

3c



1.5

3



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ICAI 25

Q.1(a)

Q.2(a)

As per the Provision of companies Act, 2013.

Board of Directors shall be Required to call a meeting on the Request of Requisitionist if the Requisition has been Received from:

In case of company having a share capital

→ By Member ~~At least~~ not holding not less 10% of paid-up share capital as entitled them to right to vote;

☒ In case of company not having share capital by such Members who on the date of Requisition ~~is~~ holds 10% of voting power



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Provided the if the valid Requisition is received and the Board of Directors does not proceed to call a meeting of Requisitionist within 21 days of valid Requisition to be held within 45 Days ;



The Requisitionist themselves may call the meeting ~~at~~ within 3 Months of valid Requisition.

→ Further provided that

The Notice of Requisition may be signed by all the Requisitionist or by any one of them on being duly authorized by all the other Requisitionist

→ The notice of Requisition ~~on~~ shall not contain any explanatory statement as required

However the Members may attach the Reason for passing such Resolution in the notice sent.

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(ii) No., signing of on the notice by only one Requisitionist and non-attachment will not have any effect on the validity of Notice as ~~the~~ some it is within the Provisions as explained above above.

Further Members shall send notice to only those members who were members at the time of ~~send~~ sending the notice of Requisition and who become member members within in 3 Days of valid Requisition.

Since Sahon Lal became Member on 10/7/24 which is after the due @ time time limit of 3 days from 1/7/24, he is not entitled to @ - notice of meeting.

Hence contention of Sahon Lal is not correct

2aStep2



2

2a



4



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Q. 2 (c)

As per the General clauses Act, 1897

An act or ~~of~~ an ~~of~~ omission which consist an offence under two or more enactment is committed then the offender of such an offence shall be ~~be~~ prosecuted & punished under ~~any~~ ~~either~~ or any of the enactment but



shall not be punished twice for the same offence

Article 20(2) of constitution also also provides that the offender shall not be punished twice for the same offence.

2cStep1



1.5

But this provision is attracted only when the offence which is a subject matter of both the enactments is same i.e. it must be a same offence. If the subject matter of both the ~~off~~ ~~two~~ offence is not same then the provision of G.C. shall not apply.



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In the instant case ~~about~~ ~~to~~ Jumbo Road Lines Ltd is prosecuted under two offences i.e. under Motor-Vehicles Act, 1988 & under Prevention of Damage to Public Property.

But since both the offences are not same he ~~can~~ ~~not~~ ~~make~~ ~~plea~~ ~~make~~ ~~cannot~~ make a plea of double-jeopardy & double punishment.

Hence he shall be punished under both the enactment & his plea ~~cannot~~ be taken by court as valid.

2cStep2 ✓ 2

2c ✓ 3.5

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Addl. Book No. 2

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
ADDL. BOOK

DO NOT WRITE ROLL NUMBER ANYWHERE IN THIS  
ADDITIONAL AN

4000003522

Q.2 (B)

As per the Provision of companies  
Act, 2013

Any document by which the company  
invites public to subscribe for its  
securities shall be considered as  
deemed prospectus if following  
two condition are satisfied

1) Entire consideration has not been  
Received by the company, or

2) offer for sale is made within  
6 Months allowing the shares.

~~The~~ ~~off~~ Further the Members may  
authorise the Board of Directors to  
issue shares on its behalf and the  
same shall be treated as deemed  
prospectus



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Further Deemed Prospectus shall be signed by at least two directors of such company.

→ Deemed Prospectus shall also contain the name of person or persons or entity bearing the cost of making such an offer for sale.

→ The Members shall authorize the BOD to act on its behalf and shall Reimburse the company for any expenses related to the issue.

(i) offer for sale in ZFG & Associates is valid as it is paid offer for sale and is valid.  
However ~~offer~~ offer for sale made by Bull Investment is not valid as it should be signed by at least two directors instead of one.

(ii) Objection of BOD about defect in the offer document issued by Mr. Kam Ruben Sustain is valid as the offer shall contain the name of persons or entities bearing the cost of making such offer of sales.

2bStep1 2 2b 3 10.5



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Q.1 (a)

As per the Provision of companies Act, 2013.

BoD of every Meeting shall ensure the  
Every Indian company including  
its subsidiary & holding &  
every foreign company shall constitute  
CSR committee if ab & it complies  
with below mention criteria. It has

Net Profit of 5 crore or more,  
Net worth of ₹ 500 cr. or more,  
✓ Turnover of 1000 cr. or more

However a company which has a CSR  
obligation of upto 50,00,000 may  
not constitute CSR committee &  
its CSR obligation and functions  
shall be discharged by BoD.

✓ Since in the given case  
Further Board of every company  
shall ensure that the company spends  
minimum 2% of its net profit in  
3 immediately preceding financial

1aStep1

1



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4

Mence in the instant case Branch  
has an obligation to spend on CSR

$$\left[ \frac{75 + 65 + 85}{3} \right] \times 2\%$$

i.e. 1.5 crore

1aStep2 ✓ 0.5 Since its CSR obligation is above the  
threshold limit of 50,00,000  
It is Required to  
constitute the CSR committee

✗ Hence  
Hence view of Chicago is not  
correct

1aStep3 ✗ 0  
1a ✓ 1.5

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ADDITIONAL ANSWER

4000003522

Q.1 (B)

As per the provision of companies Act, 2013

A Public company may grant loan in the following cases for the purchase of its own shares or share of its holding company

1. A Public company may grant loan to form a trust which would be responsible for purchase & holding of shares on behalf of employees in accordance with Employee share scheme

But shall loan shall not exceed 5% of paid-up share capital & free Reserve

1bStep1



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2

2 A Public company may grant loan to its employees other than KMP or directors upto his 6 months salary for purchase of fully paid up shares of its own or its holding company

☒ Applying above provision

(i) Since Company is providing financial assistance to ~~for~~ create an ~~is~~ Trust for holding shares on behalf of employees of for 110 crore which is more than 5% of paid up capital & free Reserves i.e. 107.25 crore

☒

1bStep2 ☒ 1 Hence the same is not valid

(ii) In the second case the company is providing loan to employees upto minimum 5 months salary to buy fully paid up share which is not valid in law

☒

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1bStep3 ✓ 1.5

1b ✓ 3.5

hence contention of Mr. Strong is not valid as company may provide financial assistance for purchase of shares of its holding company as well.

Q.1 (c)

As per the provision of FEMA, Act 1999

Export as per its cognate meaning shall mean:

✓

- taking out of India any goods or
- any provision of services rendered outside the India.

(i) ✓

Thus transaction of supplying machines in exchange of equity investment can be treated as export as there is no requirement of monetary factor in the transaction to be considered as export.

1cStep1 ✓ 1.5



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4

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(ii) There is not as such prescribed limit of rate of commission to only 10% of invoice value of goods supplied hence the same as valid for 15% also.

1cStep2

0

1c

1

1.5

6.5

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