



## **PAPER – 2: CORPORATE AND OTHER LAWS**

---

### **PART – I: AMENDMENTS FOR SEPTEMBER 2025 EXAMINATIONS**

The Study Material (July 2024 edition) is applicable for January 2026 examinations. This study material is updated for all amendments till 30<sup>th</sup> June, 2024.

All relevant amendments/ circulars/ notifications etc. in the Company law part for the period 1<sup>st</sup> July, 2024 to 30<sup>th</sup> June, 2025 are mentioned below:

#### **THE COMPANIES ACT, 2013**

##### **Chapter 11: Companies Incorporated Outside India**

Notification G.S.R 491(E) dated 12<sup>th</sup> August, 2024

The Central Government has amended the Companies (Registration of Foreign Companies) Rules, 2014, through the Companies (Registration of Foreign Companies) Amendment Rules, 2024.

#### **Amendment:**

In the Companies (Registration of Foreign Companies) Rules, 2014,-

- (i) in rule 3, in sub-rule (3), for the word, “registrar”, the words, “Registrar, Central Registration Centre” shall be substituted.
- (ii) in rule 8, in sub-rule (1), the following proviso shall be inserted, namely:-  
“Provided that the documents for registration by a foreign company referred to in sub-rule (3) of rule (3) shall be delivered in Form FC-1 to the Registrar, Central Registration Centre.”.

[Enforcement Date: 9<sup>th</sup> September, 2024]

For (i) Pg 11.6

**Form, procedure and time for making application and submission of prescribed documents:** According to the Companies (Registration of Foreign Companies) Rules, 2014, the above information shall be filed with the **Registrar** within 30 days of the establishment of its place of business in India, in Form *FC-1* along with prescribed fees and documents required to be furnished as provided in section 380(1). The application shall also be supported with an attested copy of approval from the Reserve Bank of India under the Foreign Exchange Management Act or Regulations, and also from other regulators, if any, approval is required by such foreign company to establish a place of business in India or a declaration from the authorised representative of such foreign company that no such approval is required.

For (ii) Pg 11.7

Proviso to rule 8(1) is newly inserted.

## PART – II: QUESTION AND ANSWERS



## QUESTIONS

## DIVISION A: MULTIPLE CHOICE QUESTIONS

## Case Scenario 1

Netawal Heavy Industries Ltd. incorporated in April 2015, is a listed entity engaged in the business of manufacturing electrical vehicles of the latest design and technology. It is registered with an authorized share capital of ₹ 100 crore divided into 10 crore equity shares of ₹ 10 each. The paid up share capital of the company is ₹ 50 crore consisting 5 crore equity shares of ₹ 10 each. On 15<sup>th</sup> May 2024, i.e. after the close of financial year 2023-24 but before the Annual General Meeting (AGM), the Board declared an interim dividend of 10%.

On 5<sup>th</sup> July, 2024 the Board of Directors of the company approved the financial books of accounts and recommended a final dividend 15% including the interim dividend declared and paid earlier. Later on, the general meeting of the shareholders was convened on 31<sup>st</sup> August, 2024. In the meeting, a hot discussion upheld and the shareholders argued and demanded 10% more dividend other than 10% interim dividend declared earlier. But the company secretary emphatically asserted that the final dividend cannot exceed, what the Board of Directors have recommended in their Board meeting. But some dissenting shareholders left the meeting hall in protest of the decision of the company regarding interim dividend.

However, the resolution pertaining to the declaration of dividend was passed and approved unanimously by the rest of the shareholders completing the required quorum according to the Companies Act, 2013.

As per the required procedure stated under the Companies Act, 2013, the dividend was paid to the shareholders but some of them could not be paid within the prescribed time. Later on, the company transferred the unpaid dividend amount to a separate bank account on 7<sup>th</sup> October, 2024. The dividend was not paid to some of the shareholders in the preceding financial years from 2016-17 to 2022-23, as they have not claimed it.

Ashwin, an old shareholder holding 5,000 shares, later visited the company's website and discovered that the company had declared dividends for each financial year from 2016–17 to 2023–24, but the amounts had not been paid to him since 2016–17 because the company did not possess his updated address and bank account details. Upon approaching the company and submitting the necessary evidence, his claim was verified. The company thereafter paid to Ashwin the dividend amounts remaining unpaid for the financial years 2017–18 to 2023–24. The company also informed him that the dividend pertaining to the financial year 2016–17 had already been transferred to the Investor Education and Protection Fund (IEPF). Consequently, the said amount was no longer recoverable from the company. Aggrieved by this, Ashwin threatened to initiate legal action against the company and its officers.

Based on the facts of the case scenario given above, choose the most appropriate answer to question no. 1 to 6 based upon the provisions of the Companies Act, 2013:

1. Since the Board of Directors (BoD) of the company has already declared interim dividend before the approval of financial book of accounts and closure of financial year whether the Board of Directors can declare the final dividend without approval of the shareholders?
  - (A) When the interim dividend has been declared by the BoD, later on, the final dividend cannot be declared by BoD.
  - (B) The BoD can recommend final dividend but approval of the shareholders is mandatory.
  - (C) The BoD can declare interim and recommend final dividend before holding of AGM for which approval of the shareholders is not required.
  - (D) Once the books of accounts have been approved by the BoD the final dividend may be declared but the final decision will be of shareholders in AGM where they can increase the dividend.
2. Once the rate of dividend has been recommended by the Board of Directors it cannot be increased, some of the shareholders walked out on this ground. Which procedure is correct among the following statement in this regard?

- (A) Disregarding the boycott of some of the shareholders, if the Quorum is present during the course of general meeting and the majority of them have approved it then the rate of dividend recommended by the Board shall be treated as approved.
  - (B) The shareholders who attended the meeting but do not conform the quorum may also approve the rate of dividend recommended by the Board of Directors.
  - (C) If the final dividend is declared by the BoD, it need not to be approved by the shareholders in its general meeting.
  - (D) The recommendation of the BoD of the company relating to the rate of dividend shall stands withdrawn.
3. When should the unpaid dividend, not claimed by the shareholders, be transferred to a separate bank account, as per the above case study?
- (A) On 5<sup>th</sup> July, 2024 the date of meeting of BoD.
  - (B) On 31<sup>st</sup> August, 2024 the date of meeting of shareholders.
  - (C) On 30<sup>th</sup> September, 2024 the date after 30 days from the meeting of shareholders.
  - (D) Latest by 7<sup>th</sup> October, 2024, within seven days from the expiry of 30 days.
4. The amount of unpaid dividend was transferred to a separate bank account on 10<sup>th</sup> January 2025 which is beyond the prescribed period while the latest date to deposit in a separate bank account was 7<sup>th</sup> January, 2025. What will be the interest liability which is to be paid for this delay.
- (A) Interest @ 6% per annum on so much of the amount not transferred to the unpaid dividend account.
  - (B) Interest @ 9% per annum per annum on so much of the amount not transferred to the unpaid dividend account.
  - (C) Interest @ 12% per annum per annum on so much of the amount not transferred to the unpaid dividend account.
  - (D) Interest @ 15% per annum per annum on so much of the amount not transferred to the unpaid dividend account.

5. When the company shall transfer the remaining unpaid or unclaimed dividend to the Investor Education and Protection Fund from the Unpaid Dividend Account?
- (A) After the expiry of unpaid dividends for financial year 2017–18
  - (B) After the expiry of unpaid dividends for financial year 2016–17
  - (C) After the expiry of unpaid dividends for financial year 2018–19
  - (D) After the expiry of unpaid dividends for financial year 2019–20
6. Ashwin, a shareholder holding 5,000 shares, discovered that the dividend for financial year 2016–17 had been transferred to the Investor Education and Protection Fund (IEPF). Which of the following statements is correct in this context?
- (A) Ashwin can claim all the unpaid dividends from the company, including FY 2016–17, since he was unaware of the transfer.
  - (B) Ashwin cannot claim the dividend for FY 2016–17 from the company because it has been transferred to IEPF, but he can claim the remaining dividends (i.e. FY 2017–18 to 2023–24) from the company.
  - (C) Ashwin can file a suit to recover the dividend for FY 2016–17 from the company, and the company is liable to pay it.
  - (D) Ashwin cannot claim any dividend from the company until the next AGM approves a new resolution.

### Case Scenario 2

Vedika Fashions Limited is a listed public company with a share capital of ₹ 10 crore, consisting of equity shares of ₹ 100 each. The company maintains the following registers:

- (a) Register of Members, showing separately each class of equity and preference shares held by members residing in or outside India.
- (b) Register of Debenture-holders.

The registered office of the company is located in Bengaluru (Karnataka), while its corporate office is situated in Hyderabad (Telangana). Around 17% of equity shareholders and 10% of preference shareholders reside in Indore

(Madhya Pradesh). Out of these, 9% of the equity shareholders and 5% of the preference shareholders jointly made a written application to the company requesting that the Register of Members be shifted to the company's liaison office in Indore.

The company refused this request, stating that the register can only be maintained at its registered office.

Meanwhile, Mr. Rohan, an equity shareholder, decided to sell all his shares in Aarav Textiles Limited before settling abroad. He sold his shares to Mr. Raj on 7th May 2024 and left India on 10th May 2024, after completing all formalities for transfer.

However, Mr. Raj later discovered that his name had not yet been entered in the Register of Members. Since the company's Annual General Meeting (AGM) was scheduled for 25<sup>th</sup> May 2024, he sent an email to the company requesting entry of his name in the register. Receiving no response, Mr. Raj approached the Tribunal, which passed an order on 20th May 2024 directing the company to enter Mr. Raj's name in the Register of Members.

At the AGM, the company declared a 10% dividend out of profits earned in the previous financial year. Mr. Krish, holding 1,000 equity shares, had jointly purchased these shares two years ago with Mr. Armaan, who is also a shareholder holding 1,000 shares. Mr. Krish is still liable to pay the final call of ₹ 20 per share.

After the AGM, as required under the Companies Act, 2013, a report on the AGM proceedings confirming that the meeting was duly convened, held, and conducted as per the provisions of the Act and rules made thereunder, was to be filed with the Registrar in Form No. MGT-15 along with prescribed fees.

Based on the facts of the case scenario given above, choose the most appropriate answer to question no. 7 to 9 based upon the provisions of the Companies Act, 2013:

7. The Tribunal passed an order dated 20<sup>th</sup> May 2024. Latest by what date should the entry of Mr. Raj's name be made in the register of members?
  - (A) 25<sup>th</sup> May 2024
  - (B) 27<sup>th</sup> May 2024
  - (C) 30<sup>th</sup> May 2024

- (D) 31<sup>st</sup> May.2024
8. Suppose the Chairman of the company went abroad two days after the AGM and remained unavailable for the next 31 days. During this period, the AGM report was signed by two directors, one of whom was an additional director. Comment on the validity of the signing of the report.
- (A) Yes, the signing is in order as the report can be signed by any director in the absence of the 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 the Chairman, at least two directors may sign the report.
- (D) No, the signing is not in order, since in the absence of the Chairman, the report shall be signed by any two directors, one of whom shall be the Managing Director, if there is one, and the Company Secretary of the company.
9. According to the provisions of the Companies Act, 2013, by what date should the company submit the AGM report to the Registrar?
- (A) 4<sup>th</sup> June 2024
- (B) 9<sup>th</sup> June 2024
- (C) 24<sup>th</sup> June 2024
- (D) 25<sup>th</sup> June 2024

#### Independent MCQ

10. Which of the following statements is not true?
- (A) in case of shares, the rate of underwriting commission to be paid shall not exceed five percent of the issue price of the share.
- (B) underwriting commission should not be more than the rate specified by the Article of Association.
- (C) in case of debentures, the rate of underwriting commission shall not exceed five percent of the issue price of the debentures.
- (D) amount of commission may be paid out of profits of the company.



**Descriptive Questions**

11. In August 2025, Mr. Raj, a financial consultant to Bright Retail Ltd., advised the Board of directors of the company to revise its financial statements for the year 2022-23 after discovering that they did not comply with certain provisions of the Companies Act, 2013 relating to financial reporting.

Examine, with reference to the applicable provisions of the Companies Act, 2013, whether Bright Retail Ltd. can do so?

12. Gloria Tech Solutions Pvt. Ltd. is engaged in developing software products primarily for small and medium-sized enterprises. The company now plans to expand its operations to provide advanced enterprise software solutions to large corporate clients. For this expansion, the company requires funds of approximately ₹ 650 lakh. The promoters, however, prefer to retain control over the company and do not wish to convert it into a public company or raise funds through a public issue.

Gloria Tech Solutions Pvt. Ltd. initially considered raising funds through a rights issue to existing shareholders but succeeded in generating only ₹ 150 lakh. Additionally, banks and financial institutions are hesitant to increase their exposure to the company.

With reference to the provisions of the Companies Act, 2013, advise whether Gloria Tech Solutions Pvt. Ltd. can raise additional funds through a private placement. Also, state any limits on the amount of fresh offer.

13. Silverline Appliances Ltd. is engaged in the business of manufacturing high-quality kitchen appliances. They have a significant market presence for their products across India. The company appointed its statutory auditors for the financial year 2023-2024. The engagement letter with the auditors included a clause stating that the remuneration would be mutually decided.

The directors of the company have approached you to seek advice on the provisions related to the remuneration of auditors as per the Companies Act, 2013.

14. As per the provisions of the Companies Act, 2013, define the term "foreign company." Based on this definition, determine which of the following companies would be categorized as a foreign company:

Sl. No.	Place of Incorporation	Registered Place	Additional information
1	Germany	Germany	Developed software for a clinic in Delhi; servers located in Germany.
2	Canada	Canada	No branch or place of business in India, but has agents operating in India.
3	Australia	Australia	Board meetings are conducted in Bengaluru, India.

15. Devarshi Ltd. made a private placement of its securities during F.Y. 2023-24, by offering it, as follows:

Type of Security	Number of persons to whom securities offered (₹)	Remarks
Equity Shares	210	Out of such 160 persons, 20 persons are offered shares under employees' stock option.
Debentures	50	Such debentures were secured against an immovable property of the company for which the charge-holders registered the charge on payment of fees to the Registrar.

As per the provisions of the Companies Act, 2013, determine the maximum number of persons to whom Devarshi Ltd. could have offered its securities under private placement during the financial year 2023-24.

16. Chaman (Private) Limited on 3rd April 2024 obtained ₹ 30 lakh working capital loan by offering its Stock and Accounts Receivables as security from a financial institution.

- (i) Is it required to create charge for working capital loan in accordance with the provisions of the Companies Act, 2013?
- (ii) State the provisions relating to extension of time and procedure for registration of charges in case the above charge was not registered within 30 days of its creation.

### **The Limited Liability Partnership Act, 2008**

17. Raman, Sita and Mohan are partners in an LLP firm RSM & Co. engaged in consultancy services. As per the LLP agreement, profits and losses are shared equally. Raman, requiring funds for personal purposes, transfers 40% of his share of profits to his friend Arjun.

After the transfer, Arjun claims that:

- (a) He is entitled to participate in the management of RSM & Co.
- (b) Since Raman has transferred part of his rights, he is deemed to be disassociated as a partner of the LLP.

You are required to advise, with reference to the Limited Liability Partnership Act, 2008:

- (i) Whether Raman's partial transfer of rights will lead to disassociation or dissolution of the LLP.
- (ii) Whether Arjun is entitled to participate in the management of RSM & Co.

### **The General Clauses Act, 1897**

18. ABC Foundation, a non-profit company, was registered (in the year 2003) under section 25 of the Companies Act, 1956. As per section 2(18)(aa) of the Income-tax Act, 1961, 'a company is considered to be one in which the public are substantially interested if it is registered under Section 25 of the Companies Act, 1956.' After the enactment of the Companies Act, 2013, section 25 of the Companies Act, 1956 was replaced by section 8 of the Companies Act, 2013. However, the Income Tax Act, 1961 still continues to make reference of section 25 of the Companies Act, 1956 in section 2(18)(aa) of the Income-tax Act, 1961.

In this situation, how should the reference to section 25 of the Companies Act, 1956, in section 2(18)(aa) of the Income-tax Act, 1961 be

construed after the commencement of the Companies Act, 2013, in light of the provisions of the General Clauses Act, 1897?

### Interpretation of Statutes

19. "Associate words to be understood in common sense manner." Explain this statement with reference to rules of interpretation of statutes.

### The Foreign Exchange Management Act, 1999

20. Startech Pvt. Ltd., an Indian company, is planning to remit USD 12 million to a consultancy firm based in Germany for advisory services related to a new highway infrastructure project in India. The company has also engaged another foreign consultancy for a software upgrade on a different project and wants to remit USD 900,000 for that service. Both payments are to be made from India.

With reference to the Foreign Exchange Management, 1999, determine whether Startech Pvt. Ltd. can freely remit these amounts or if any approval is required for these transactions.



## SUGGESTED ANSWERS

### Multiple Choice Questions

MCQ No.	Most Appropriate Answer
1.	(B)
2.	(A)
3.	(D)
4.	(C)
5.	(B)
6.	(B)
7.	(B)
8.	(D)
9.	(C)
10.	(C)

**Descriptive Questions**

**11.** As per section 131 of the Companies Act, 2013, if it appears to the directors of a company that:

- (a) the financial statement of the company does not comply with the provisions of section 129; or
- (b) the report of the Board does not comply with the provisions of section 134

they may prepare revised financial statement or board's report in respect of any of the 3 preceding financial years after obtaining the approval of the Tribunal on an application made by the company within fourteen days of the decision taken by the Board.

A certified copy of the order of the Tribunal shall be filed with the Registrar of Companies within 30 days of the date of receipt of the certified copy.

In this case, since the financial statements for 2022-23 fall within the three preceding financial years, Bright Retail Ltd. can revise these financial statements, provided that the Board obtains the Tribunal's approval within fourteen days of the decision taken by the Board. This procedure must be adhered to in order to comply with the Companies Act, 2013.

**12.** Yes, Gloria Tech Solutions Pvt. Ltd. can raise funds through the private placement of shares.

Section 23(2)(b) of the Companies Act, 2013 provides that a private company may issue securities through private placement by complying with the provisions specified in section 42 of the Act along with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

**Meaning of Private Placement**

According to the Explanation I to section 42(3) of the Act, "private placement" means any offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offer- cum-application, which satisfies the conditions specified in this section.

**Offer to be made only to a select group of persons**

A private placement shall be made only to a select group of not more than two hundred (200) persons (referred to as "identified persons") in a financial year who have been identified by the Board after passing a special resolution.

**Limit on Fresh Offer**

As per section 42(5) of the Act, no fresh offer or invitation under this section shall be made unless the allotments with respect to any offer or invitation made earlier have been completed or that offer or invitation has been withdrawn or abandoned by the company.

Thus, Gloria Tech Solutions Pvt. Ltd. can raise further funds through private placement issue after the allotments with respect to right issue for ₹ 150 lakh have been completed and subject to the maximum number of 200 persons (identified persons) under section 42(2) and by complying with the procedures stated in Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

- 13.** Section 142 of the Companies Act, 2013, provides for remuneration of auditors. According to this section the remuneration of the auditors of a company shall be fixed by the company in general meeting or in such manner as the company in general meeting may determine.

The remuneration shall, in addition to the fee payable to an auditor, include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to him but does not include any remuneration paid to him for any other service rendered by him at the request of the company.

As per the facts of the question and stated provision, remuneration of the appointed statutory auditors of a company shall be fixed by Silverline Appliances Ltd. in general meeting or in such manner as the company in general meeting may determine.

- 14.** As per section 2(42) of the Companies Act, 2013, "Foreign Company" means any company or body corporate incorporated outside India which has a place of business in India whether by itself or through an agent,

physically or through electronic mode; and conducts any business activity in India in any other manner.

So, as per the definition, we can conclude:

Sl. No.	Place of Incorporation	Additional information	Foreign company/ Not a foreign company
1	Germany	Developed software for a clinic in Delhi; servers located in Germany.	Though incorporated outside India, it is involved in transacting business in India and having place of business through electronic mode. Hence, it is a foreign company.
2	Canada	No branch or place of business in India, but has agents operating in India.	The company is operating through agents in India, but has no place of business in India. Hence, it is not a foreign company.
3	Australia	Board meetings are conducted in Bengaluru, India.	Mere holding of meetings in India cannot be termed as conducting business activity in India. Hence, it is not a foreign company.

- 15.** According to Rule 14 (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, an offer or invitation to subscribe securities under private placement shall not be made to persons more than two hundred in the aggregate in a financial year.

It is provided that any offer or invitation made to qualified institutional buyers, or to employees of the company under a scheme of employees' stock option as per provisions of clause (b) of sub-section (1) of section 62 shall not be considered while calculating the limit of two hundred persons.

As per Explanation given in this Rule, it is clarified that the restrictions aforesaid would be reckoned individually for each kind of security that is equity share, preference share or debenture.

Here, in the given case, Devarshi Ltd. had made a private placement of its equity shares as well as of the debentures.

The limit of 200 persons would be counted separately for both such type of security and in that also securities offered to persons under employees' stock option shall not be counted.

Accordingly, on that basis, further number of persons to whom Devarshi Ltd., could have offered its securities under private placement during F.Y. 2023-24, would be as follows:

Type of Security	Number of persons to whom securities offered	Further persons to whom securities could have been offered under private placement
Equity Shares	190 (210 – 20 persons, to whom offered under employees' stock option)	10
Debentures	50	150

- 16.** As per the provisions of section 2(16) of the Companies Act, 2013, "charge" means an interest or lien created on the property or assets of a company or any of its undertakings or both as security and includes mortgage.

- (i) Whenever a company borrows money by way of loans including term loans or working capital loans from financial institutions or banks or any other person by offering its property or assets as security or any of its undertakings, then a charge is created on such property or assets in favour of the lender.

Hence, Chaman (Private) Limited is required to create a charge on such property or assets in favour of the lender. Thus, for ₹ 30 Lakh working capital loan, it is required to create a charge on it.

- (ii) As per the provisions of section 77 of the Companies Act, 2013, in case the above charge was not registered within 30 days of creation of the charge, the Registrar may, on an application by the company, allow such registration to be made within a period of 60 days of such creation (i.e. another 30 days are granted after the



expiry of original 30 days), on payment of additional fees as prescribed.

**Procedure for Extension of Time Limit:** For seeking extension of time, the company is required to make an application to the Registrar in the prescribed form. It should be supported by a declaration from the company signed by its company secretary or a director that such belated filing shall not adversely affect the rights of any other intervening creditors of the company.

The application so made must satisfy the Registrar that the company had sufficient cause for not filing the particulars and the instrument of charge, if any, within the original period of thirty days. Only then he will allow registration of charge within the extended period. Further, requisite additional fee or advalorem fee, as applicable, must also be paid.

**17.** As per section 42 of the Limited Liability Partnership Act, 2008,

- (1) The rights of a partner to a share of the profits and losses of the limited liability partnership and to receive distributions in accordance with the limited liability partnership agreement are transferable either wholly or in part.
- (2) The transfer of any right by any partner pursuant to sub-section (1) does not by itself cause the disassociation of the partner or a dissolution and winding up of the limited liability partnership.
- (3) The transfer of right pursuant to this section does not, by itself, entitle the transferee or assignee to participate in the management or conduct of the activities of the limited liability partnership, or access information concerning the transactions of the limited liability partnership.

In the given question, Raman has transferred 40% of his share of profits in RSM & Co. to his friend Arjun.

In view of the above provisions and facts of the question:

- (i) Transfer of rights does not by itself cause the disassociation of the partner or a dissolution and winding up of the limited liability

partnership. Hence, Raman's partial transfer of rights will not lead to disassociation or dissolution of the LLP.

- (ii) Transfer of right pursuant does not, by itself, entitle the transferee or assignee to participate in the management in the activities of the limited liability partnership. Hence, Arjun is not entitled to participate in the management of RSM & Co.

- 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 decided in case of Gauri Shankar Gaur v. State of U.P. 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 this case, section 25 of the Companies Act, 1956 (dealing with non-profit companies) has been repealed and re-enacted as Section 8 of the Companies Act, 2013. Though section 2(18)(aa) of the Income-tax Act, 1961 still mentions "companies registered under section 25 of the Companies Act, 1956", by virtue of section 8 of the General Clauses Act, 1897, the reference shall be deemed to mean "companies registered under section 8 of the Companies Act, 2013".

- 19. Associated Words to be Understood in Common Sense Manner:** When two words or expressions are coupled together one of which generally excludes the other, obviously the more general term is used in a meaning excluding the specific one. On the other hand, there is the concept of '*Noscitur A Sociis*' ('it is known by its associates'), that is to say 'the meaning of a word is to be judged by the company it keeps'. When two or more words which are capable of analogous (similar or parallel) meaning are coupled together, they are to be understood in their cognate sense (i.e. akin in origin, nature or quality). They take, as it were, their colour from each other, i.e., the more general is restricted to a sense analogous to the less general. It is a rule wider than the rule of

*ejusdem generis*, rather *ejusdem generis* is only an application of the *noscitur a sociis*. It must be borne in mind that *noscitur a sociis*, is merely a rule of construction and it cannot prevail in cases where it is clear that the wider words have been deliberately used in order to make the scope of the defined word correspondingly wider.

- 20.** As per Schedule III of the Foreign Exchange Management (Current Account Transactions) Rules, 2000, remittances by persons other than individuals shall require prior approval of the Reserve Bank of India in the following cases- Remittances exceeding USD 10,000,000 per project for any consultancy services in respect of infrastructure projects and USD 1,000,000 per project, for other consultancy services procured from outside India.

In this scenario:

The proposed remittance of USD 12 million for consultancy on a highway infrastructure project exceeds the USD 10 million threshold. Therefore, Startech Pvt. Ltd. must seek prior approval from the RBI for this payment.

The remittance of USD 900,000 for software consultancy on a different project does not exceed USD 1 million, so no RBI approval is required for this transaction.